FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Central Eurasia

FBIS-SOV-96-134
Thursday
11 July 1996

Daily Report
Central Eurasia

FBIS-SOV-96-134 CONTENTS *11 July 1996*

NOTICE: An * indicates material not previously disseminated in electronic form.

PRESIDENTIAL ELECTION ISSUES

Russia: Yeltsin's Election Achievement, Hopes Viewed *[ROSSIYSKIYE VESTI 10 Jul]* 1
Russia: Ryabov Holds News Conference on Election Results *[ITAR-TASS]* 2
Russia: Post-Election Situation Viewed *[IZVESTIYA 9 Jul]* 2
Russia: Election Implications for Communists Viewed *[SOVETSKAYA ROSSIYA 9 Jul]* 3

INTERREGIONAL AFFAIRS

CIS: ITAR-TASS Carries Press Review for 11 Jul 6
CIS: Oil Export Policy Problems Pondered *[ROSSIYSKAYA GAZETA 6 Jul]* 6
Baltics: Baltic States Begin Military Exercises With U.S. *[Riga Radio]* 8

RUSSIA INTERNATIONAL AFFAIRS

Russia: Yeltsin Asks Lebed To Prepare Proposals on Security Council *[INTERFAX]* 9
Russia: Primakov in Bishkek; Says CIS Relations of Top Priority *[INTERFAX]* 10
Russia: Primakov Tours Central Asian Republics *[ITAR-TASS]* 10
Russia: IMF: New Government Must 'Stabilize Budget' *[PRAVDA 10 Jul]* 11
Russia: Luzkhov Criticizes Riga's Decision To Close Russian School *[ITAR-TASS]* 11
Russia: State Duma Speaker Notes Value of Belarusian Integration *[ITAR-TASS]* 11
Russia: Chechen Opposition, Taleban Discuss Release of Pilots *[ITAR-TASS]* 11
Russia: Italian Businessmen Seek Closer Relations With Russia *[ITAR-TASS]* 12
Russia: IZVESTIYA on Outcome of Yaponchik Trial in New York *[10 Jul]* 12
Russia: Official Cites Figures for Foreigners' Crimes *[RABOCHAYA TRIBUNA 10 Jul]* 13

RUSSIA NATIONAL AFFAIRS

Political Issues

Russia: Yeltsin Gives TV Address on Government 'Action Program' *[Moscow ORT]* 14
Russia: 'Text' of Yeltsin's Action Program *[ITAR-TASS]* 14
Russia: Yeltsin Decrees Lebed 'Directly Subordinated to President' *[ITAR-TASS]* 15
Russia: Yeltsin Issues Instructions on Inauguration Ceremony *[ITAR-TASS]* 16
Russia: Yeltsin Approves Security Council Guidelines, Structure *[INTERFAX]* 16
Russia: Ilyushin Says Yeltsin To Spend Most of July in Moscow *[INTERFAX]* 17
Russia: Five People Hurt in Moscow Trolleybus Explosion *[ITAR-TASS]* 17
Russia: Mayor's Office Calls Moscow Explosion 'Terrorist Act' *[ITAR-TASS]* 18
Russia: Moscow Bomb Thought To Contain 100 Grams of Trotyl *[INTERFAX]* 18
Russia: Premier Declines Comment on REUTER Story on Yavlinskiy *[ITAR-TASS]* 18
Russia: Security, Fight Against Corruption To Be FSB Priorities *[INTERFAX]* 19
Russia: Interview With New FSB Head Kovalev Reported *[IZVESTIYA 11 Jul]* 19
Russia: Appointment of New FSB Chief Seen as No Change of Course *[MOSKOVSKIY KOMSOMOLETS 10 Jul]* 20
Russia: Ilyushin, Chubays Tipped for Leading Posts *[INTERFAX]* 21

Military Issues

Russia: Grachev Denies Corruption Charges, Counterattacks *[NEZAVISIMAYA GAZETA 9 Jul]* 21

Russia: Rokhlin Discusses 'Revelations' on Corruption *[Bratislava PRAVDA 10 Jul]* 22
Russia: Chief Military Prosecutor Featured on Program *[Moscow NTV]* 23
Russia: Possible Source of Deputy's Military Corruption Data Named *[NEZAVISIMAYA GAZETA 10 Jul]* 24

Federal Assembly

Russia: Duma Will Extend Session To Approve New Premier *[ITAR-TASS]* 24
Russia: Duma Requests Yeltsin Nominate Prime Minister on 9 Aug *[ITAR-TASS]* 24
Russia: Seleznev Writes to Yeltsin on Government Formation *[ITAR-TASS]* 25
Russia: Duma Fails To Pass Bill on Human Rights Commissioner *[INTERFAX]* 25
Russia: Duma Budget Crunch Forces Economy Drive *[IZVESTIYA 10 Jul]* 25

Regional Affairs

Russia: Resumption of War in Chechnya Seen as Inevitable *[SEGODNYA 10 Jul]* 26
Russia: Operation Against Chechen Rebels in Gekhi 'Completed' *[INTERFAX]* 27
Russia: Chernomyrdin Aide: Chechnya Secession Was Always an Option *[ROSSIYSKAYA GAZETA 11 Jul]* 28
Russia: Russians Urge Chechens To Take Position on Crime, Terrorism *[ITAR-TASS]* 28
Russia: Chechen Situation Result of Split Among Opposition Leaders *[INTERFAX]* 29

Economic Issues

Russia: Yeltsin Signs Edict on Considering Federal 1997 Budget *[INTERFAX]* 29
Russia: Lebed Hears Leading Economists' Recommendations *[IZVESTIYA 11 Jul]* 30
Russia: Bank Chairman Optimistic on Economic Development Prospects *[ROSSIYSKAYA GAZETA 9 Jul]* 30
Russia: Government To Impose Restrictions on State Bond Market *[SEGODNYA 9 Jul]* 30

UKRAINE

National Affairs

Ukraine: Miners Continue Blockade of Roads in Donetsk *[UNIAN]* 32
Ukraine: Kuchma Instructs Lazarenko To Visit Donetsk 'Urgently' *[INTERFAX]* 32
Ukraine: Lazarenko on Mining Industry Problems *[INTERFAX]* 32
Ukraine: Lazarenko Briefs Supreme Council on Grain Harvest *[UNIAN]* 32
Ukraine: Lazarenko: Agriculture Needs 'Substantial State Support' *[ITAR-TASS]* 33
Ukraine: ITAR-TASS Profiles Prime Minister Lazarenko 33
Ukraine: Communists Will Not Oppose Lazarenko as Prime Minister *[INTERFAX]* 33
Ukraine: Moroz: Parliament To Review Foreign Policy by End of Year *[UNIAN]* 34
Ukraine: Shmarov Dismissal Will Not Change Military Policy *[INTERFAX]* 34
Ukraine: Bizhan, Lopata, Kostenko Possible Successors to Shmarov *[KOMMERSANT-DAILY 10 Jul]* 35
Ukraine: Crimean Parliament Urges Yeltsin To Promote Integration *[Kiev International]* 35
Ukraine: Crimea MP's Protest Ukraine Constitution, Urge Referendum *[NEZAVISIMAYA GAZETA 6 Jul]* 35

Economic Issues

Ukraine: Lazarenko on Creation of Favorable Investment Climate *[UNIAN]* 36
Ukraine: Lazarenko on Reducing Wage Delay Period *[UNIAN]* 36
Ukraine: Lazarenko's Meeting With Metallurgists Detailed *[VSEUKRAINSKIYE VEDOMOSTI 25 Jun]* 36

WESTERN REGION

Belarus

Belarus: Lukashenka Sees 'Four Calm Years' in Relations With Russia *[INTERFAX]* 38

Belarus: Russian Speaker Arrives, Views Aims, Agenda of Visit *[Minsk Radio]* 38
Belarus: Speaker Sharetski on Situation, Future Course *[ZVYAZDA 2 Jul]* 38
Belarus: Hearing Held on Economic Policy; Lukashenka Statement Read *[BELAPAN]* 40
Belarus: Finance Minister Views Payment Crisis *[RESPUBLIKA 29 Jun]* 40

Moldova

Moldova: Dniester Authorities Deny Knowledge of Possible Lebed Visit *[INFOTAG]* 43
Moldova: Infantry Unit Participates in PFP Maneuvers in Bulgaria *[BASAPRESS]* 43

CENTRAL ASIA

Kyrgyzstan

Kyrgyzstan: Akayev Hopes To Expand Economic Relations With Russia *[INTERFAX]* 45
Kyrgyzstan: Primakov Says Moscow Successful in Mediating Tajik Talks *[ITAR-TASS]* 45

Tajikistan

Tajikistan: Opposition Leader Satisfied With Primakov Talks *[INTERFAX]* 45
Tajikistan: Opposition Ready for Moscow Summit *[Voice of Free Tajikistan]* 46
Tajikistan: Inter-Tajik Talks Continue, Fighting Continues *[ITAR-TASS]* 46

CAUCASUS

Armenia

Armenia: Newspaper Fires Employee for False Report *[INTERFAX]* 48
Armenia: Ter-Petrosyan: 'Economic Disintegration Process' Halted *[LE FIGARO 10 Jul]* 48
Armenia: Azeri Envoy: Pipeline Impossible Without Karabakh Resolution *[SNARK]* 49
Armenia: NOYAN TAPAN Reports Submission of Presidential Candidacies 49

Georgia

Georgia: Preparation for 12 Jul UN Discussion on Abkhazia *[ITAR-TASS]* 49
Georgia: 'Roundtable' Demands Withdrawal of Russian Troops *[REZONANSI 3 Jul]* 50
Georgia: Abkhazia Demands Georgian Withdrawal From Kodori Gorge *[Sukhumi Radio]* 50
Georgia: Commentary Views Current Processes in Abkhazia *[DRONI 2-5 Jul]* 51

BALTIC STATES

Estonia

Estonia: Hillary Clinton's Visit Could Be Response to Yeltsin Letter *[BNS]* 53
Estonia: Status of Baltic Russians Viewed; Hillary Clinton Cited *[IZVESTIYA 11 Jul]* 53
Estonia: Russian-Speakers' Rights Under Threat Again *[IZVESTIYA 9 Jul]* 54
Estonia: Kallas Says Estonia Pledges To Improve Relations With Russia *[INTERFAX]* 55
Estonia: Some Progress Made in Border Talks With Russia *[Tallinn TV]* 55

Latvia

Latvia: Yeltsin Letter to U.S. Aimed at 'Coercing' Sovereign State *[INTERFAX]* 56
Latvia: Foreign Ministry Views Yeltsin Letter to U.S. *[BNS]* 56
Latvia: Joint Policy Planned With Estonia on NATO, EU Integration *[Riga Radio]* 57
Latvia: Daily Publishes Details of Imminent Government Reshuffle *[Riga Radio]* 57

Russia: Yeltsin's Election Achievement, Hopes Viewed

MM1107105596 Moscow ROSSIYSKIYE VESTI in Russian 10 Jul 96 p 2

[Article by Yuriy Aleksandrov under the "Opinion" rubric: "The Man Who Stopped the 'Red Pendulum'"]

[FBIS Translated Text] The preliminary results of the second round of the presidential election had scarcely come in when Boris Yeltsin was appealing to the people "not to divide the country into victors and vanquished." And this is right. In democratic elections there are no vanquished voters. The people have one fate. But there are politicians who have won and lost. Yet today, those who have suffered a defeat would like to receive, just like that, the things that they did not achieve in the political fight based on democratic rules. From what they have said, the president should take into account the opinion of the millions of voters who voted for G. Zyuganov. At the moment there has been no mention of taking into account the opinion of the overwhelming majority of the citizens who, for their part, expressed their support for the reforms. And there is no doubt that none will be made.

Today we all understand that the overwhelming majority of the "red belt" is not made up of adherents of communism and revolutions. But "reds" do exist, as we can see, mainly among politicians. However, there are apparently no "whites." Society is increasingly acquiring a "normal working" hue — as Viktor Chernomyrdin likes to put it. This is one of the paradoxes of Russian life today. And its main creator is President Yeltsin. How did he achieve this result?

It has become fashionable to compare Boris Yeltsin to a hero of bygone days who spends most of his time sleeping on the stove and only wakes up to carry out another "single" feat. In my opinion, this is a complete mistake. The president has not been "asleep" at all during all these past years in the intervals between political crises. He simply had his hands tied too many times. But he tried not to let anyone notice this and painfully sought a way out. Because too much has revolved around the figure of a strong president in post-Soviet Russia. First and foremost the entire integrity and stability of the state, and then the future of democratic reforms. The two things are interlinked. And in this respect, the times were profoundly dramatic for the president.

The president's hands were tied by poor public support. The unified anticommunist democratic front was the first to crack, and then disintegrate. Soon a split began to appear on the opposite flank too — among the pro-reform-minded public. The more the liberal reformers lost the support of the people, the more stubbornly and insistently they were demanding that the president should follow their line.

Ultimately, by the time the presidential election campaign had begun, the following disposition of political forces had formed. A hard-line opposition against the president on the left, and an almost hard-line opposition on the right. The "party of power," which had formed and acquired political support among the masses slowly and amid serious internal contradictions — obtained only 10 percent of the votes and third place in the most recent elections to the State Duma. There was discord and vacillation among regional leaders, many of whom had not yet given up hope of catching a larger fish in the murky waters of the weakening of federal power. The president stood alone, in a way above everyone, but in a way standing between the fighting groups.

Despite all the democrats' efforts to seize the initiative from the hard-line left-wingers in criticizing the authorities, it was the Communists, heading the "people's patriotic" bloc, who seized the ruling positions in the opposition movement. Everyone was opposed to the president, but only he remained a real or at least potential guarantor of the course of democratic reform. Fortunately, not long before the election, almost all of the democrats understood this.

But no bloc of pro-reform forces formed, though. The public prestige of Yegor Gaydar and his accomplices was undermined by the rigors of the reforms. Grigoriy Yavlinskiy unfortunately turned out to be an insufficiently realistic politician. Other potential leaders of the reformist forces were still on their way up. Evidently understanding that the democrats do not have enough strength for all this yet, Boris Yeltsin once again decided to take it all on himself.

It is hard to say where it might have all ended, given the mass dissatisfaction with the way the reforms were proceeding, if it were not for two circumstances which literally changed the course of events. They were, first of all, the unusually successful election campaign of the president himself. Second, the unexpected success of Aleksandr Lebed, and their subsequent alliance. The president entered this alliance as the leader in the election race, and the general as a strong political figure with reformist inclinations and serious public support. After a long interruption, the president finally acquired serious support — both political and public. The rest was a matter of technique: obtaining support from the other pro-reform forces and leaving the "bloc of Communists and non-party people" in isolation.

It was now possible to change the team and, in accordance with the urgent demands of the voters, make corrections in the policy without the risk of being thrown off the main course of reform. Particularly since during the election campaign and as a result of the election, Viktor Chernomyrdin and the "Russia Is Our Home" movement, Yuriy Luzhkov, with his almost complete support in Moscow, and a number of other pro-reform leaders in the center and the regions, have gained strength right before everyone's very eyes. General Lebed is already taking his "11 suitcases" of revelations about corrupt officials — not to the opposition, like Rutskoy once did — but to Yeltsin. There is also the hope that the Liberal Democrats, having supported the president in the election, will now return from the "dissident free speech times" to cooperate with the president or to the constructive opposition.

The main impulse from the voters has been picked up: The majority of people are agreeing to the continuation of reforms and are thirsting for — no, not "order," but law and order. And there are a great many people who have not yet seen the specific positive results of the changes that have taken place in society. Many problems, including some very painful ones, remain unsolved. We all need President B. Yeltsin to expand his public support, and act effectively, energetically, and on the basis of the maximum possible public accord. The hard-line opposition has not gone anywhere. It is continuing to count on a deterioration in the situation in the country, and is hoping for a "hot fall" and revenge.

Russia: Ryabov Holds News Conference on Election Results

LD1007201596 Moscow ITAR-TASS World Service in Russian 1422 GMT 10 Jul 96

[By ITAR-TASS correspondent Igor Belskiy]

[FBIS Translated Text] Moscow, 10 Jul (Itar-Tass) — The head of the Russian state "was elected completely lawfully." It was with these words that Nikolay Ryabov, chairman of the Central Electoral Commission of the Russian Federation, opened today's news conference at the RIA-Novosti agency. This meeting with journalists drew the line under a presidential election campaign that had gone on for more than six months.

According to Nikolay Ryabov, he had met Boris Yeltsin this morning. At this meeting, he continued, the Russian president had been informed on the results of the election and matters pertaining to the further activity of the Russian electoral commissions had also been discussed. This relates primarily to the organization and holding of the local elections in parts of the federation, which are scheduled before the end of this year.

Referring to problems met with by the Central Electoral Commission in organizing and managing the presidential race, the commission's chairman singled out the lack of opportunity the federal commission had to prevent abuses of their official positions by the candidates. Improving the legislation with regard to elections, and in other aspects beyond this one, Ryabov remarked, is a task for the future. According to him foreign observers attending the Russian presidential election noticed the lack of balance given by the mass media in their coverage of the various candidates' election campaigns.

Russia: Post-Election Situation Viewed

MM1007155296 Moscow IZVESTIYA in Russian 9 Jul 96 p 1

["Rapid Analysis" article by Otto Latsis: "The Victors Celebrate, The Vanquished Sharpen Their Knives"]

[FBIS Translated Text] Yeltsin's election gave the supporters of the reforms four years which they can use for quiet work. A short time when you consider that the four and one-half years of reforms so far have convinced by no means all of the voters of the benefits of the chosen path. Rather the preceding 70 years convinced people that there should be no return to that reality. Then again, 40 percent of the voters did not believe that either. What if there are a few more than that by 2000?

It seems incredible today, but at the end of 1991 would anyone have thought it likely that the putsch party would rise again and lay claim to power? Indeed, the opponents of the reforms have no program that is in any way realistic and no major leaders either. It is the reformists' weakness that is their strength. Will they eventually overcome this weakness?

Remember how the authorities used the time that was available after the 1993 parliamentary elections. In the economy 1994 was spent making a series of mistakes (the budget and credit spree, which resulted in "black Tuesday," the inflation spiral, and the decline of real incomes) and 1995 was spent eliminating the consequences of these mistakes. In politics the end of 1994 and 1995 were spent waging an senseless and inept war and the beginning of 1996 on trying to stop it. No wonder back in February of this year many supporters of the reforms were expecting to lose the presidential election.

There is now a widespread view that given low inflation and the political foundation obtained as a result of the election, market mechanisms will sort everything out by themselves, economic recovery will get under way, and all the problems will be solved. But if one were to rely solely on this, the economic recovery could turn out to be sluggish and unstable, the social problems will remain for many years, and each successive election will be dreaded.

In any case, the next few months do not hold out hope of a quiet life. The budget crisis can be regarded as an established fact, if you recall the excessive expenditure and the income shortfall in the first six months. The resurgent pay arrears and rising unemployment threaten to exacerbate social problems by the fall, and the opposition is already preparing to exploit this. The socioeconomic crisis can only be overcome or eased if the next few months see an influx of investments and industrial growth. It would be rash to expect this to occur spontaneously. Tax reform, cheaper credit, fast job creation, primarily by giving real support to small businesses — all this requires swift and accurate decisions.

At the moment the situation is reminiscent of lines from an old poem: "The victors sleep soundly, the vanquished sharpen their knives." The Zyuganovites, by no means in disarray or reeling as a result of their defeat, have already held a session of their leading organ, have already decided to turn the election bloc of "patriots" into a political movement, and already have an organizing committee and are preparing to hold a congress. So they will be able to derive benefit even from an election campaign that ended in defeat. While going about their own business they are also succeeding in queering the victors' pitch with talk about a coalition government. From the tone of this talk it is sometimes difficult to tell who actually won on 3 July and who lost. And it takes the arguments about sharing out government portfolios, which the reformists' camp indulges in with such a passion, to help you grasp the situation. Yes, that is how victors, drunk with success, behave.

Victors who can expect defeat next time round if the period of euphoria drags on.

Russia: Election Implications for Communists Viewed

MM1007165996 Moscow SOVETSKAYA ROSSIYA in Russian 9 Jul 96 pp 1, 2

["Parliamentary Diary" by Vladimir Isakov: "Sack Race"]

[FBIS Translated Text]

"Fear and Hatred Beat Conscience and Justice"

At first glance what happened is incredible and does not fit within the framework of common sense. The head of state, who has ruined the country, more than halved the living standard, destroyed the Army, fired on his own parliament, and unleashed on the country's territory a bloody civil conflict which has devoured thousands of people, has been reelected for another term, and with a convincing margin of votes! Russia, have you really become stupid or are there more substantial reasons behind this? Let us try to work it out.

First let us note the obvious factors which are lying on the surface. The authorities' gross flouting of electoral legislation, including the "volitional" change of the voting day, the brazen use of administrative levers of pressure, and the civil war of hatred unleashed on television and radio airtime and on newspaper pages. Cries of "the Communists will come and take everybody away" and "if not us then civil war" did, of course, deafen and frighten a certain section of society — that section of it which does not expect anything good from the authorities and which in recent years has repeatedly seen for itself that all changes are for the worse.

I now understand why all the "democratic transformations" in our country invariably culminate in civil confrontations and bloodshed. To the accompaniment of cries and calls to "solve all problems via the ballot box" violence was done to citizens the like of which the civilized world has not seen for a long time. Such a well of hatred, lies, and cynical disrespect for the law, history, and the views, thoughts, and feelings of a considerable section of society has been sunk that it would simply be surprising if after a while it did not rebound in a wave of retaliatory violence.

Having been invited to a "football match," Zyuganov and his team were put into a game without rules in which the "opposing side" was known to be in an advantageous position and commanded everything — judges, the administration, and the press. It brazenly used all state resources to secure its victory and toward the end even postponed the "second half" to a time that was more advantageous to it.

...All of this is true. Yet taken together and separately it does not explain the main thing: Why was the united left-wing people's-patriotic opposition simply unable to become a force which could oppose madness and tyranny and to which a society exhausted by "reforms" would have unconditionally given its sympathies?

And Defeats From Victory....

In my view the main reason for the defeat of the left-wing people's-patriotic forces is that the destructive, critical part of their program proved to be considerably stronger than the constructive, creative part. What these same left-wing forces will do after getting into power is still a mystery to many people. Along which paths will they lead the country, which is firmly stuck in a systemic crisis?

The point is not even that there were few words on this subject in the left-wing forces' program. Of course, there were such words and promises. But there was no feeling that the left-wing opposition has a clear understanding of the complexity of the problems facing the country and a vision of the ways of solving them. This feeling develops not only from election manifestos but also from the whole range of social initiatives and the style of the opposition's behavior long before elections.

One of the favorite accusations made against the left-wing people's-patriotic bloc was that "the Communists have not repented" for the evil done to the country. Among those who are especially zealously demanding this repentance, astonished fellow citizens could see former CPSU [Communist Party of the Soviet Union] Central Committee secretaries, key figures in the ideological apparatus, and even former special services agents well known for their "progressive activity".... The ugly face of Russian politics: Former Communists cynically demanded that current Communists "repent the CPSU's sins before the people"!

But in all honesty there is a problem here. As the core and foundation of the left-wing people's-patriotic bloc the CPRF [Communist Part of the Russian Federation] did not carry out a "review of values" and did not define clearly and unequivocally its attitude toward the events and people of the recent and distant past, which means it did not cut right through the umbilical cord linking it with this past. Repentance is a great force, a pledge that, on coming to power, the left-wing opposition will not reestablish ideological and political terror over society and that it has forever renounced measures of "revolutionary violence."

The left-wing people's-patriotic bloc itself was formed not long before the election and suffered from an appreciable fragility. Its natural center was the biggest and best organized political force — the CPRF. In the few months separating the parliamentary and presidential elections it was difficult to think up anything different. But to many of the bloc's participants it was clear that it was not the best option, that the frenzied campaign under the slogan "the Communists are coming back!" would put off a considerable proportion of voters who condemn the current regime but who are far from ready to return under Red banners. If a new, formally non-Communist center was to be formed, then this should have been thought of beforehand, even before the parliamentary election.

The Communists did not manage to fully restore relations with the Agrarian Party, which became difficult because of the tough stance (virtually confrontation) in the parliamentary elections. Although the Communists, having won those elections, helped the Agrarians to form their own deputies' group in the Duma, the grievance has still not been forgotten.

The well-known secrecy of the bloc's Communist wing, the desire to solve and discuss questions in a narrow circle of "their own people," and the decision to "convey it to the executors" left an imprint on mutual relations within the bloc. In a political coalition there are and can be no "executors." All its participants, minor and major, must feel that they are involved in mapping out political policy. Otherwise simply no coalition, which multiplies the power of its participants, will be formed.

At a 24 June press conference G. Zyuganov announced the composition of a coalition government of national trust and members of a Council of National Accord. The purpose of delaying the announcement of the personnel of the team that would come to power if the bloc won the election is completely understandable: To prevent the press slinging mud and discrediting the figures joining it and to prevent a wedge of contradictions being driven between participants in the bloc.

Yet in my view it was too late. A coalition government should have started work long before the elections by analyzing socioeconomic policy and by making alternative proposals, statements, and draft laws and thereby gaining business and political prestige for itself. The Council of National Accord should also have been convened several times before the elections to discuss, for example, a package of amendments to the Constitution, and not only with the capital's figures but also the most eminent regional representatives present.

In short, the bloc's professional and political structures did not manage to develop before the elections and demonstrate their business efficiency. But it is not too late to do this after the election, starting literally today.

In my view the left-wing people's-patriotic bloc clearly failed to make sufficient use of the fruits of its victory in the parliamentary elections of December 1995. For half a year parliament could have been made a showcase for future economic and social policy. Unfortunately this did not happen. The bloc's parliamentary strategy was notable for maybe just one major event — the decree on the invalidity of the Belovezhskaya accords, in which political pluses and damage were practically equal.

The main obstacle hampering the Duma's legislative activity is now the president's "veto," which is consistently being used on all the opposition's legislative initiatives which are in any way substantial. Furthermore, the Constitutional Court has considerably extended and strengthened the president's legislative prerogatives, giving him the right to return any draft law to the Duma (including one over which he has no right of "veto") for procedural reasons. But it seems to me that even in this situation there is a solution. For example, the president has already repeatedly returned the Land Code which the Duma is trying to adopt, demanding the radical expansion of the right to buy and sell land. So what? This code can be adopted as a model and sent to the regions and Russian Federation components, most of which are well aware of the danger of the uncontrolled buying and selling of land and are ready to support the Duma here.

Generally, reliance on the regions should be parliament's priority if it really intends to do something useful. Leaders of regions, which are becoming increasingly autonomous, are now practically indifferent regarding whom they deal with — the Communists or the democrats. According to the famous Chinese proverb, they do not care what color the cat is as long as it catches mice, that is to say as long as it understands and helps to solve their problems.

Crushed Armies Learn From Their Mistakes

In my view there are two action strategies in the situation that has developed following the election.

One is passive, based on the assumption that "we did everything right" but "the time was not quite ripe." Therefore it is necessary to wait only "a little while" — and the "bankrupt anti-people regime" will collapse on its own.

I think this is a mistake. It will not collapse anywhere. Because no matter how bad the economic and social situation is (and in fact it continues to deteriorate), some kind of authority will still remain in the country.

The second strategy is an active, offensive strategy. The election result and regional organizations' work must be critically analyzed. It is surely necessary to say farewell to some supporters who have exhausted their creative reserves. To review the party program and the composition of its leading organs. To dispel the assiduously created image that it is a "party of elderly people."

In the light of the experience of the election campaign it is obvious that the opposition must create its own independent information structure, which prevents (as happened in the last election) its discourse with the people being paralyzed.

As time goes on some left-wing radicals who did colossal harm in this election will evidently finally break away from the left-wing people's-patriotic bloc and start whining about "the betrayal of the cause of Lenin." But whatever happens there is no escaping the fact that a party which is trying to win the people's recognition cannot be oriented toward radicals. In order to win elections in our country the opposition must have a threfold reserve of strength. It is necessary either to gain this advantage or, as the saying goes, to "clear off." There is no third option.

Fresh elections are evidently just around the corner....

CIS: ITAR-TASS Carries Press Review for 11 Jul

LD1107060396 Moscow ITAR-TASS in English 0545 GMT 11 Jul 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 11 (Itar-Tass) — Follows a review of Thursday's Moscow-based Russian newspapers dated July 11.

IZVESTIYA carries an interivew with the newly-appointed Director of Russia's Federal Security Service (FSB), Colonel-General Nikolay Kovalev, who described FBS latest operations.

ROSSIYSKAYA GAZETA runs President Boris Yeltsin's televised address to the people of Russia.

In the address, Yeltsin determines the executive authorities' first-priority tasks which arise from the citizens' mandate given to him during the election campaign. "My task is to translate your will into reality," the President said.

ROSSIYSKIYE VESTI carries an interview with Aleksandr Livshits, Assistant to the Russian President on Economic Affairs, who speaks about decisions which are being prepared in implementaion of election-campaign promises.

SOVETSKAYA ROSSIYA has interviewed Gennadiy Zyuganov, leader of the Communist Party of the Russian Federation, who dwelt on the tasks of the People's Patriotic Bloc following its defeat at the presidential elections.

IZVESTIYA on election campaign spending.

The newspaper reports that the Central Electoral Commission has spent 70,000 million roubles on the organisation and holding of the presidential elections. In view of this, Russia's foreign debt increased over the past six months by 4,000 million U.S. dollars, and the State's short-term domestic debt grew by 16,000 million USD over the same period. The aggregate rouble emission from March to May amounted to 25,000,000 million roubles.

Whether the price paid for the result corresponds to its quality we shall learn in the coming months, the writer of the article points out.

KRASNAYA ZVEZDA carries an interview with Vassiliy Vorobev, former Head of the Russian Defence Ministry's Main Department for Military Budget and Financing.

Vorobev commented on accusations levelled at him by Lev Rokhlin, Chairman of the State Duma Committee on Defence. Vorobev expressed readiness to defend his good name in court. At the same time he confirmed that "abuses have penetrated the army" and that "the army does experience financial losses, deficits of funds, thefts of military equipment, and the embezzlement of monetary resources".

IZVESTIYA on Estonia's decision to extend the validity of Soviet passports.

The newspaper reports that Estonia's Cabinet of Ministers has cancelled its previopus decision to fix July 12 as the date for the expiry of the validity of the passports of the former Soviet Union. The validity of the passports has been extended for another two years.

IZVESTIYA on the entourage of Aleksandr Lebed.

The newspaper carries an article about those who helped the General to enter into politics when he served in the Trans-Dniester region and about those whom he should fear now that he got to the Kremlin.

ROSSIYSKAYA GAZETA on an inadequate state of affairs concerning the delivery of cargoes to Yakutia.

A critical situation has developed in the shipping of cargoes to the Republic of Sakha (Yakutia), the newspaper reports. Only 279,000 million roubles out of the appointed 853,000 million roubles have been assigned as of now. Slightly more than three per cent of the required amount of food has been shipped from the Osetrovskiy river port. The republic's Vice-Premeir Vladimir Chlenov has told the newspaper that it is necessary to declare an economic state of emergency in view of the inadequate shipping of cargoes to the republic.

KRASNAYA ZVEZDA on the protection of State secrets.

In 1995, out of 85,000 page-proofs and manuscripts on military topics, several hundred ones were not subject to publication in the open press, and more than 4,000 were recommended for revision, Aleksandr Manichev, Head of the Russian Defence Ministry's Department for the Protection of Secrets in the Press and Other Media, told the newspaper.

CIS: Oil Export Policy Problems Pondered

MM1007133396 Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 11

[Article by Aleksey Chichkin: "Do the CIS Countries Need 'Their Own' OPEC? Pursuit of Petrodollars on Their Own Will Not End Well for Them"]

[FBIS Translated Text] "The former USSR's oil complex remains the main sector of the sovereign republics' export economies in the post-Soviet area" — this is the definition of the role of the CIS petroleum industry given in OPEC's report for 1995. This assessment is shared by the whole of the West's oil business.

All Commonwealth countries remain economically and geographically interdependent as regards the oil export system, whose installations (ports, oil pipelines, and storage facilities) serve the export needs of all CIS states. For example the "Druzhba" system of oil pipelines is linked to major ports on the Baltic and Black Seas and the Sea of Azov and passes through the territories of Ukraine and Belarus, Latvia and Lithuania, as well as many Russian regions (the Volga Valley, Chernozem, Non-Chernozem, and Northwestern Regions). The branches from (or into) "Druzhba" link together 12 republics of the former USSR (including the Transcaucasian republics, Kazakhstan, and Uzbekistan) in an integrated oil export system.

The political situation often causes friction between the Commonwealth states. For instance, this is manifested in particular in the fact that Ukraine frequently "hikes" tariffs for the transit of Russian oil for export or completely "cuts off" the Russian Federation from the oil exporting system. Latvia and Lithuania also resort to such measures (they account for 50 percent of oil exports from Russia).

Such "excesses" do, of course, force us to find new ways of exporting the "black gold": Projects for the construction of new "superterminals" on the Russian shore of the Gulf of Finland, near Novorossiysk, and in Krasnodar Kray on the shore of the Sea of Azov have already been approved.

However, **world experience shows that the international petroleum market has no intention of waiting until new pipelines are put into operation for the export of oil from those countries which are the chief suppliers of "black gold."** Other exporting countries and (or) oil corporations in the West immediately fill the gap left in the market.

According to Russian Federation Ministry of Fuel and Energy and OPEC estimates, Russia's export losses as a result of delayed oil deliveries to the far abroad following disagreements with Kiev and the Baltic countries exceeded $400 million last year (these losses were caused by falling prices for oil exported from the Russian Federation owing to delays in its delivery or the refusal of countries and importing companies to accept late oil deliveries).

However, the export of "black gold" from Central Asia and Azerbaijan is only possible in practical terms via Russia through oil pipelines linking these regions of the Commonwealth with the ports of Ukraine, the Baltic, and the Danube delta. **Consequently, the Russian Federation is not only an oil exporter but a country guaranteeing the transit of oil for export from other CIS republics.**

The many agreements on the transit of Caspian oil formally declare that there is "no alternative" to transporting it via Russia. However, the officially stated aims are not being realized in practice. The reason for this lies in geopolitics.

It is possible in principle to build the new transcontinental oil pipelines and "superports." However, **it is impossible in a short space of time to re-route exported oil supplies (as well as other goods) via other networks**. First and foremost for operational and technical reasons (it is only possible to reach a sufficient level of new transport facilities in a minimum of five years).

Another factor is oil export policy.

It is well known that the average world export prices for CIS oil are 8-12, if not 15, percent lower than those for oil from other regions of the world. The price differential ["nozhnitsy"] for Russian oil is no less than 11 percent (on average for the first half of the nineties). Moreover, the more it is exported, the quicker these prices fall.

According to the latest OPEC figures (for 20-30 June 1996), the level of average world export prices for oil from Russia is approximately 9.5 percent lower than the average world level and is almost 12 percent lower than for "black gold" from the industrial capitalist countries and regions (North American and Norwegian North Sea oil).

According to commentaries in the press of Arab countries, Iran, and other OPEC countries, oil from other CIS countries will be used by the transnational corporations and industrial capitalist countries to put pressure on the Russian Federation: For example, in the event of any "breakdowns" with Moscow, purchases of Central Asian and Transcaucasian but not Russian oil may increase. The lifting of restrictions on oil exports in the republics of the Caspian-Central Asian region is, according to these commentaries, something that may happen in the near future.

In other words, **the absence of a coordinated oil export policy (including for the transit of oil for export) within the CIS and the intention of a number of republics to put their economies on a "more healthy footing" using petrodollars alone, facilitates the "divide and rule" strategy that is being implemented by the oil multinationals and the G-7 nations in many regions of the world**.

However, the governments of the Commonwealth countries are aware of the dangerous consequences such an approach to the CIS oil complex might have. For example, at the May 1996 Commonwealth countries' conference on questions of energy security, important agreements were reached — in particular on the joint drafting of forecasts for fuel (including oil) supplies and the volume of mutual deliveries, the opening up of new oil fields, and the formation of an interstate Energy Agency, which in its work will draw on the experience of OPEC and the International Energy Agency.

The participants of this forum also agreed to act jointly in international energy exporting organizations, so as not to, in the words of V. Chernomyrdin, "knock each other out of global oil and gas markets and lose foreign currency earnings." However, no representative of Ukraine took part in the conference though its role as a "transit" country cannot be ignored.

For Your Information

OPEC was formed in 1960 on the initiative of Venezuela, Iran, Iraq, and Qatar. Apart from these countries, its members include Saudi Arabia, Kuwait, Algeria, Libya, Nigeria, and the United Arab Emirates (June 1996). OPEC accounts for 70 percent of world petroleum exports.

According to its charter, OPEC's main tasks include the coordination of the member countries' policies with regard to extraction, export, including export pricing, and the protection of the "individual and collective interests of the member states in the world oil and petroleum products market."

Its supreme organ is its annual conference which is held at the level of government heads or "oil" ministry leaders. Each country (delegation) has a single vote, decisions are adopted by a two-thirds majority (countries voting against any measure are obligated to submit to the will of the qualified majority of "voting countries"). OPEC's headquarters, comprising a secretariat headed by a general secretary and (8) permanent commissions, are located in Vienna.

Baltics: Baltic States Begin Military Exercises With U.S.

LD1007112796 Riga Radio Riga Network in Latvian 1000 GMT 10 Jul 96

[FBIS Translated Text] International field exercises in the Baltic region code-named Baltic Challenge began at Adahzi [near Riga] today. They are being held within the framework of the NATO Partnership for Peace program. The aim of these exercises is to improve cooperation between soldiers of different countries in peacekeeping operations and to promote mutual trust between military personnel of participating countries. It is hoped that the exercises will become an annual event, which will be held in a different Baltic state each year. About 700 soldiers from the United States, Latvia, Lithuania, and Estonia will take part in the exercises.

Russia: Yeltsin Asks Lebed To Prepare Proposals on Security Council

LD1107090496 Moscow Interfax in English 0849 GMT 11 Jul 96

[FBIS Transcribed Text] MOSCOW, July 11 (Interfax) — President Boris Yeltsin has commissioned Secretary of Russia's Security Council Aleksandr Lebed to present his proposals on the composition of the Security Council, on orgazation of its activity and plans of work for the second half of 1996.

Yeltsin also awaits a draft provision on the apparatus of the Security Council, proposals on the number and composition of inter-departmental commissions of the Security Council and proposals on providing activity of the Council and its branches.

Yeltsin July 10 confirmed the provision on Russia's Security Council by his decree. In line with this document, the Security Council is a constitutional body which prepares the president's resolutions on ensuring protection of vitally important interests of a man, society and state from external and internal threats, pursuing a single state policy in the sphere of security.

Among the tasks of the Security Council are defining of vitally important interests of the society and state and revealing external and internal threats to security sites, developing major strategic trends for ensuring Russia's security and preparation of federal programs related to security, recommendations to the Russian president on Russia's foreign and domestic policy in the sphere of security, preparation of resolutions to prevent emergency situations fraught with sociopolitical, military and ecological and other consequences, organization of appropriate measures to liquidate them, preparation of proposals on introduction, prolongation adn cancelling state of emergency, preparation of issues related to coordination of activity of federal and regional executive power bodies in the sphere of security.

The provision also defines functions of the Security Council. Among them are preparation of the presidential resolutions on the country's combat efficiently, military-technical cooperation, introduction of economic sanctions, informational support, development of strategy and measures to ensure Russia's independence and state integrity.

Chairman of the Security Council is in charge of the Council's work.

Secretary of the Security Council is an official directly subordinate to the president. The president appoints Secretary of the Security Council and dismisses him.

The provision also defines authorities of Secretary of the Security Council. In particular, he ensures activity of the Security Council and guides its apparatus, informs the president on problems of foreign and internal security of the country summarizes and submits information-analytical reviews on Russia's security to the Council, prepares plans of work of the Security Council, draws up the agenda of sessions and draft resolutions of the Security Council, coordinates activity of inter-departmental commissions, federal and regional executive power bodies, organizes development of concepts for formation of strategy in the sphere of Russia's security and proposals for annual message of the president to the Federal Assembly on the situation in the country, presents resolutions of the Security Council and drafts of normative acts on their implementation to the president, controls fulfillment of the Security Council's decisions and verifies the work of the federal executive power bodies in the sphere on the country's security.

Secretary of the Security Council also submits proposals on executive power leaders responsible for ensuring the country's security who must be made answerable.

Secretary of the Security Council will submit information on candidacies recommended to supreme official posts to the president, requests documents and materials necessary for the work of the Security Council from executive power bodies and officials.

Secretary of the Security Council issues orders and instructions to the apparatus of the Security Council to carry out his authorities.

Secretary of the Security Council carries personal responsibility for the activity of the Council and fulfillment of its decisions.

In line with the provision, the Security Council fulfills its work in accordance with the plans confirmed by Chairman of the Security Council. The Security Council holds regular sessions, not less than once a month, it holds emergency sessions, if needed.

Chairman of the Council, Secretary of the Security Council conducts working sessions with members of the Council.

Russia: Primakov in Bishkek; Says CIS Relations of Top Priority

LD1107085296 Moscow INTERFAX in English 0642 GMT 11 Jul 96

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] BISHKEK, July 10 (Interfax) — Russia's foreign policy will not considerably change in the wake of the Russian presidential elections, Russian Foreign Minister Yevgeniy Primakov told an Interfax correspondent on his arrival in Bishkek, the capital of Kyrgyzstan.

The elections showed that the processes launched by Russian President Boris Yeltsin before his presidential election campaign are continuing in the country, he said.

Primakov cited the development of integration within the Commonwealth of Independent States as one of such processes and Moscow's foreign policy priority.

Russia needs integration with CIS states to stabilize the economic situation and maintain its integrity, Primakov said as he addressed the faculty staff of the Slavic University in Bishkek.

He warned against "mixing up integration with the restoration of the former Soviet Union," adding that integration should draw on mutual respect for the sovereignty of all CIS states and centuries-old fraternal relations with them.

The minister pointed out that the settlement of armed conflicts in the CIS is another compelling task facing Russia.

Speaking about the situation in Tajikistan, Primakov said that Moscow is interested in the speediest resolution of the conflict in that country where Russian soldiers continue to be killed.

The unstable situation in Afghanistan adds tension not only in Tajikistan and Afghanistan, but in the entire Central Asia, he went on to say.

Primakov said that "while Russia is prepared to make certain compromises to settle conflicts in the CIS and facilitate integration processes, it will not agree to any compromises with NATO, which has been actively building up its presence in Central Asian states and other CIS countries."

With regard to Russian-Kyrgyz relations, Primakov said bilateral trade turnover had significantly risen following the creation of the Customs Union and the signing of the accords regarding deeper integration.

Russia: Primakov Tours Central Asian Republics

LD1007194696 Moscow ITAR-TASS in English 1915 GMT 10 Jul 96

[By Alisher Niyazov]

[FBIS Transcribed Text] BISHKEK, July 10 (Itar-Tass) - Russian Foreign Minister Yevgeniy Primakov is touring Central Asian republics to compare notes on a number of bilateral and international issues in the wake of the Russian presidential elections.

As regards the settlement between the Tajik government and the opposition, Primakov declared that the Tajik President Emomali Rakhmanov's consent to meet opposition leader Said Abdullo Nuri in Moscow "in the nearest future" was a tangible result of Russia's efforts in mediating the inter-Tajik talks held in the Turkmen capital Ashgabat.

Yevgeniy Primakov, who was speaking upon arrival in Bishkek from Ashgabat on Tuesday said Rakhmanov and Nuri were expected to sign during their forthcoming meeting in Moscow an agreement on ceasefire for the duration of peace talks between the Tajik government and the opposition thanks to efforts of the Russian mediators.

"Russian diplomats in Ashgabat are doing their best to help participants in the inter-Tajik talks reach a compromise," he said after consultations with the chief negotiators in Ashkhabad. "We proposed setting up a conciliatory committee with the participation of representatives of the Tajik government and the opposition not to function parallel with the Tajik government but to serve as an advisory and coordinating body," he said. Primakov added that the new body will also be responsible for "ensuring the inviolability of the Tajik-Afghan border which is now guarded by Russian border troops."

While in Bishkek, Primakov discussed regional security, as well as bilateral Russian-Kyrgyz integration, with the republic's leaders in an effort to work out "a common approach to a number of international developments, including the inter-Tajik settlement."

The Russian Foreign Minister met Kyrgyz President Askar Akayev behind closed doors on Tuesday evening and held talks with his counterpart Roza Atunbayeva and Prime Minister Apas Djumagulov on Wednesday.

Sources in the republic's Ministry of Foreign Affairs told Itar-Tass that the political situation in Russia and the Commonwealth of Independent States in the wake of the Russian presidential elections was in the focus of talks in Bishkek.

Primakov and the leaders of the Central Asian republic also discussed the need for better coordination of approaches to the inter-Tajik settlement which is being discussed in Ashgabat these days.

The Foreign Ministers of Russia and Kyrgyzia also touched upon NATO's plans for eastward expansion.

On Wednesday afternoon, the Russian foreign minister addressed professors and students at the Russian-Kyrgyz university. He stressed the need for "working out jointly with my colleagues a common stance on this issue."

He explained that "Russia, which is prepared for talks with the North Atlantic Alliance, will not agree to any compromise solution."

Russia: IMF: New Government Must 'Stabilize Budget'

MM1007153896 Moscow PRAVDA in Russian 10 Jul 96 p 1

[Report from the EFIR-DAYDZHEST column under the "In Brief" rubric: "Time to Pay the Bill"]

[FBIS Translated Text] The head of the IMF's Moscow mission believes that the new Russian Government must take measures to stabilize the state budget. The IMF is particularly concerned at the situation in the collection of taxes, where the debt stands at over 15 trillion rubles. The Russian authorities will have to review certain promises made in recent months to ensure that the budget is balanced in accordance with the three-year plan for the payment of an IMF loan of $1.100 billion.

Russia: Luzhkov Criticizes Riga's Decision To Close Russian School

LD1007115196 Moscow ITAR-TASS in English 1126 GMT 10 Jul 96

[By Galina Sugak]

[FBIS Transcribed Text] MOSCOW, July 10 (Itar-Tass) — Moscow Mayor Yuriy Luzhkov described as "provocative" a decision passed by the Riga city authorities to close Russian school no. 9 and transfer the schoolbuilding to the Ukrainian community.

"We are particularly concerned that the Riga city Duma despite numerous appeals and protests made by the Russian community in Riga and Russian state structures has succumbed to nationalistic elements interested in building tension in Russo-Ukrainian relations and transferred the schoolbuilding to the Ukrainian community," Luzhkov said in his official letter sent to Ukrainian president Leonid Kuchma. Luzhkov expressed hope that the Ukrainian president would make an appropriate assessment of this incident an would not let it pass unnoticed. The Latvian mass media mentioned the sum of two million dollars Ukraine had allegedly allocated for the reconstruction of the schoolbuilding.

Russia: State Duma Speaker Notes Value of Belarusian Integration

LD1007205796 Moscow ITAR-TASS World Service in Russian 1629 GMT 10 Jul 96

[By ITAR-TASS correspondents Pavel Kuznetsov and Andrey Fomin]

[FBIS Translated Text] Minsk, 10 July (ITAR-TASS) — Following the Russian presidential elections, the integration of Russia and Belarus should become a priority issue. State Duma Speaker Gennadiy Seleznev told journalists this today after his meeting with Belarusian President Alyaksandr Lukashenka. Gennadiy Seleznev heads the State Duma delegation now officially visiting Minsk.

According to the Duma Speaker, the Belarusian president is sincerely interested in the "political vacuum" that was brought about by the presidential elections being filled as soon as possible, after which it will be possible with fresh force to tackle the problems of integration between the two countries. Gennadiy Seleznev emphasized that Alyaksandr Lukashenka's attitude flavoring integration can be sincerely believed. Seleznev considers that the Belarusian president is "the locomotive providing the power for the community of our two countries to get under way."

During their meeting, the State Duma Speaker noted, Alyaksandr Lukashenka proposed that the next autumn session of the parliamentary assembly of the Community of Russia and Belarus be held at Belovezhskaya Pushcha. In addition their talk considered the issue of creating joint mass news media for the two countries. As a first stage it is proposed that a separate theme about life in the Community of Russia and Belarus be introduced in the Mir television and radio company's programming.

Russia: Chechen Opposition, Taleban Discuss Release of Pilots

LD1007121596 Moscow ITAR-TASS in English 1138 GMT 10 Jul 96

[By Nikolay Sorokin]

[FBIS Transcribed Text] KAZAN, July 10 (Itar-Tass) — Fulfilling "the death will" of former Chechen separatist leader Dzhokhar Dudayev, the Chechen opposition is leading, via Azerbaijan, talks with the Afghan side on releasing seven pilots of the Aerostan Company who are held hostage by the Afghan Taleban movement.

Timur Akulov, head of the Foreign Relations Department at the Tatar president, told Itar-Tass here on Wednesday that this information was conveyed to Tatar authorities in Kazan by Vagap Tutakov who calls himself "a representative of the Ichkeria parliament in the Russian Federation."

Indeed, the Tatar side had requested Dudayev several months ago to help in releasing flyers, Akulov confirmed. Dudayev promised to render assistance but, following his death, this hope died away.

"I don't believe that Chechen separatists can release the crew of the Il-76 plane," noted Akulov. "I returned from Qandahar only ten days ago where the pilots of the Kazan-based Aerostan Air Company live as hostages.

"Nobody — either Talebs or pilots — did not say a word about any talks."

In turn, speaking in an interview with Itar-Tass, Ruslan Martagov, press secretary of the Chechen head, described reports on possible release of Aerostan airline flyers to Chechen separatists as "cynical rumours."

Russia: Italian Businessmen Seek Closer Relations With Russia

LD1107102096 Moscow ITAR-TASS in English 1008 GMT 11 Jul 96

[By Lyudmila Yermakova and Aleksey Bukalov]

[FBIS Transcribed Text] ROME, July 11 (Itar-Tass) — "Meetings with the leaders of Confederation of Italian Industrialists and members of the business community showed that businessmen here not simply play diplomacy, but they seriously work and sincerely wish to step up the process of cooperation with our country," speaker of the Federation Council (Russian parliament upper chamber) Yegor Stroyev who is now in Italy on an official visit, said in an interview with Itar-Tass here on Thursday.

"Incidentally, Italians want to come to Russia, to bring equipment, to produce goods and, thus, to make money together with us. It is indicative that their proposals are at sharp variance with conditions offered by businessmen from other Western countries", Stroyev continued.

He reported that talks at the Italian Confederation centred on the development of small and medium businesses. Mostly mammoth factories, cumbersome and inefficient under market conditions, operate in Russia. They are unable to restructure quickly, Stroyev claimed. Small and medium businesses in Italy pulled the country out of the crisis in the past.

The speaker called the approach of Italians to business contacts with the Russian side as "non-standard". They have specialists ready to work in Russia. "Let us remember at least the experience of the motor factory in Togliatti".

They offer their managers and their sales market for jointly produced goods. "We met extremely good attitude of people and authorities on Italian soil both from the political and psychological points of view. It is not by chance that wise rulers of ancient Rus were friends with Rome," Stroyev emphasised.

The Federation Council delegation is holding today talks with their counterparts from the Chamber of Deputies of the Italian parliament.

Russia: IZVESTIYA on Outcome of Yaponchik Trial in New York

MM1007115296

[FBIS Report] Moscow IZVESTIYA in Russian 10 July 1996 publishes on page 1, under the headline "We Are Still Just Talking About Fighting Crime, But America Is Putting Our Criminals Behind Bars," a 550-word report from New York by Vladimir Nadein on the trial of Aleksandr Ivankov, alias Yaponchik, on charges of attempting to extort $3.5 million from an investment firm. Nadein notes that Ivankov and his accomplices have been found guilty as charged after a six-week trial and face 40-year jail terms.

The paper carries a further report by Boris Vinogradov pegged to the Ivankov case on page 3 under the headline "Russian Detectives Envy the Speed of U.S. Justice." After citing U.S. officials on the case, Vinogradov's report concludes:

"Yuriy Gogolev, deputy [as published] of the Russian Ministry of Internal Affairs Department for Combating Organized Crime, was in New York for the trial on the 'Yaponchik case.' IZVESTIYA was unable to contact him personally because, we were told, 'he was busy,' but other less busy staffers of the department made no secret of their surprise at the 'speedy trial' in Brooklyn and said enviously: 'That's the way things should be here!'

"Grigoriy Karasin, director of the Russian Foreign Ministry Information and Press Department, said that our consulate general in New York closely followed the progress of the investigation and trial of Aleksandr Ivankov's group and regularly briefed the center [Moscow] on this. There were also constant close contacts under the auspices of law enforcement agencies within the framework of the bilateral Russian-American agreement on combating organized crime.

"Asked about the possibility of extraditing Yaponchik to Russia if he wants to serve his sentence in the fatherland, Grigoriy Karasin said that so far this possibility has not been considered and it will scarcely occur to anyone to make arrangements for him to travel to Siberia."

Russia: Official Cites Figures for Foreigners' Crimes

MM1007171296 Moscow RABOCHAYA TRIBUNA in Russian 10 Jul 96 p 3

[ITAR-TASS report under the general heading "Where Did the Fly in the Ointment Come From? From the Lives of Foreigners in Russia": "Meanwhile"]

[FBIS Translated Text] It is the Chinese who still have the worst crime rate among foreigners in Russia, MUR [Moscow Criminal Investigations Department] Deputy Chief Mikhail Zabotkin said at a Moscow GUVD [Internal Affairs Main Administration] briefing.

He produced the following figures. In all more than 12,000 crimes were committed against foreign citizens in Russia in the past year and foreigners committed in excess of 27,000 crimes.

The Chinese occupy the top spot in the criminal hierarchy as they are practically all involved in commerce here. The Chinese, Zabotkin remarked, specialize in targeting their compatriots. In second place are citizens of Mongolia: They committed almost 5 percent of all crimes of this category, and in third place are the Vietnamese (4 percent).

Zabotkin reported that 210 foreign guests had been killed in Russia last year and 294 were wounded. Here is a recent example. Today at 0200 the body of a citizen of Poland, Tadeusz Psozon [as published], was discovered by a trailer parked outside No. 64 Molodogvardeyskaya Street. He had been shot. At the scene of the crime two spent cartridge cases were found. An investigation has been opened.

Political Issues

Russia: Yeltsin Gives TV Address on Government 'Action Program'

LD1007115696 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 10 Jul 96

[From the "Novosti" newscast]

[FBIS Translated Text] Russian President Boris Yeltsin made an address to the citizens of Russia on the results of the election of the head of state. He focused on priority tasks in deepening the reforms and plans for the government's work aimed at carrying out the tasks set before the executive by the voters in the election campaign. In his address, Boris Yeltsin said:

[Begin Yeltsin recording] The path the country is to take was determined in the election. You, dear voters, have yourselves given a definitive answer. My task is to carry your will into practice. I have an action program which is already being implemented. The sections concerning the fight against crime and social protection for the people have been reinforced significantly. Fighting corruption at all levels of authority will be a most important part of my work.

My foremost task is to form a team able to implement the action program in full until the year 2000.

First of all, a strong government is needed. I believe that Viktor Stepanovich Chernomyrdin should head it. I have already instructed him to prepare proposals for the new composition and structure of the government. It should be made up of professionals. Enterprising and competent fresh people should join it.

I have nothing against representative of parties working in the government. The only condition is that they should forget their party affiliations.

The presidential administration is to be reorganized too. It will become more compact and more efficient. New people will join it, with their new ideas and working methods.

The course of reforms will be continued. But the economic policy needs a serious adjustment. The most important thing now is to give production its second wind, to ensure that enterprises receive orders and people have work, to achieve an improvement in the standard of living for every Russian family. I see this as my main task.

There are four years to go to the next presidential election, and I shall do everything I can to ensure that this is a stable and untroubled period. I am looking into the future with confidence. I have trust in the wisdom of our people. I do believe that all those who are prepared to work for Russia, for its prosperity, will find enough strength to unite for a common cause.

We are a united people, we have one country and one destiny. I am telling you responsibly: Russia has everything it needs to see all the changes through to a successful conclusion under conditions of peace and order. We shall not let this chance slip. I have no doubt about it now. [end recording] [Video shows Yeltsin, sitting at a desk flanked by a Russian national flag and a banner with Russian and Moscow emblems]

Russia: 'Text' of Yeltsin's Action Program

LD1007125696 Moscow ITAR-TASS World Service in Russian 1140 GMT 10 Jul 96

[FBIS Translated Text] Moscow, 10 Jul (Itar-Tass) — Russian President Boris Yeltsin addressed the Russian people on television today on the occasion of the publication of the final results of the elections of the head of state. There follows the Full Text of the speech by the President of the Russian Federation:

Dear citizens of Russia!

Yesterday the Central Electoral Commission of the Russian Federation summed up the final results of the presidential elections. Their final results have been made public.

You have once again shown your trust in me by electing me as your president. As you did five years ago you have entrusted in me the highest state post of the country.

I thank you, dear fellow citizens, for your understanding and support. I am grateful to the people of towns large and small, villages and hamlets.

I thank the young people who supported me. I am grateful to the elderly who found it particularly difficult to make their choice.

I would like to express my kindest words to the Russian intelligentsia who have spared no effort in passionately protecting the freedom gained by Russia.

I thank the Russian press, the journalists of central and local newspapers, and those working in radio and television for the high civic stand they have adopted.

The votes of teachers, doctors, servicemen, and staff of defense enterprises — in short those who find life difficult today — are especially dear to me.

We have not completed our reforms yet. By no means everybody have felt their positive results. Life remains hard, very hard for many people.

And despite all this, you, dear citizens of Russia, have been able to rise above your doubts and difficulties, and make a truly historic choice.

For me this is the great trust of a great people. I fully realize what huge responsibility has been placed on me. I will do all I can to justify your trust, dear citizens.

Russia has proved to the whole world that she is a democratic country and that we abide by our choice of freedom and democracy.

We have laid down the most important tradition of a peaceful and democratic succession of power. At its root is not the force of weapons or a revolution, nor a decision of a party central committee, but the will of the electorate, the will of the people.

Everyone of us had to take an independent decision and everyone of us had a choice. We have made it. We have managed to assume responsibility for Russia. I am happy that at this historic moment we stayed together.

Not everyone supported me at the presidential elections. Some of the electorate voted for the other candidate or did not vote for either. I respect this choice. More than that, such a position is a serious sign for me. This is a sign that all is not well in a number of Russia's regions and of the big problems of the Russian countryside and many enterprises.

The results of the elections clearly showed where we are not doing enough and who needs urgent support.

The elections were an important lesson for me. I could see my own errors and the mistakes of the government.

Our numerous meetings have given me a great deal. It is as if a fresh breeze has blown into the president's office. The problems which we are tackling may be seen in quite a different light. I will do everything to see that our meetings continue.

Many of my opponents are saying that everything the president has been doing over the last few months has been done in order to win extra votes. Once the election is over Yeltsin will forget his promises and the problems with pensions, payments and grants, they say.

No, I am bold enough to assure you that this is not so. What I have been speaking about these last six months is already being done. Perhaps not as quickly as one would like, but still, it is being done. I will see to it that people receive what they have earned, and on time.

The path the country is to take has been determined in the election. You, dear voters, have yourself given a definitive answer. My task is to carry your will into practice. I have an action program, which is already being implemented. The sections concerning fight against crime and social protection for the people have been reinforced significantly. Fighting corruption at all levels of authorities will be a most important part of my work.

My foremost task is to form a team able to implement the action program in full until the year 2000.

First of all, a strong government is needed. I believe that Viktor Stepanovich Chernomyrdin should head it. I have already instructed him to prepare proposals for the new composition and structure of the government. It should be made up of professionals. Enterprising and competent fresh people should join it.

I have nothing against representative of parties working in the government. The only condition is, they should forget their party affiliations.

The Presidential Administration is to be reorganized too. It will become more compact and more efficient. New people will join it, with their new ideas and working methods.

The course of reforms will be continued. But the economic policy needs a serious adjustment. The most important thing now is to give production its second wind, to ensure that enterprises receive orders and people have work, to achieve an improvement in the standard of living for every Russian family. I see this as my main task.

There are four years to go to the next presidential election, and I will do everything I can to ensure that this is a stable and untroubled period. I am looking into the future with confidence. I have trust in the wisdom of our people. I do believe that all those who are prepared to work for Russia, for its prosperity, will find enough strength to unite for a common cause.

We are a united people, we have one country and one destiny. I am telling you responsibly: Russia has everything she needs to see all the changes through to a successful conclusion under conditions of peace and order. We will not let this chance slip. I have no doubt about it now!

Russia: Yeltsin Decrees Lebed 'Directly Subordinated to President'

LD1107090296 Moscow ITAR-TASS in English 0857 GMT 11 Jul 96

["Yeltsin Decrees Lebed Directly Subordinated to President" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 11 (Itar-Tass) — President Boris Yeltsin issued a decree approving the Regulations on the Russian Security Council, under which the secretary of the Security Council is an office-holder "directly subordinated to the President of the Russian Federation".

According to the Regulations transmitted to Itar-Tass by the Russian President's press service on Thursday, the Security Council secretary "is appointed to his post and released from his post by the President of the Russian Federation".

The Regulations say that the Security Council secretary ensures the operation of the Security Council and supervises its staff.

According to his powers, the Security Council secretary informs the Russian President of the country's domestic and foreign security, defences, military and technical cooperation, development of global information systems, development of conceptual approaches to forming a strategy to ensure security of the Russian Federation and proposals for annual messages by the President to the Russian parliament on the state of the country as well as on the main areas of the state's domestic and foreign policies.

The Security Council secretary also submits proposals to the Security Council on concerting activities of security forces under emergency situations, makes proposals to the President and the Security Council on calling to account the heads of federal bodies of executive power who are charged with functions on ensuring the country's security.

Under the Regulations, the Security Council secretary "bears personal responsibility for ensuring the operation of the Security Council and for execution of decisions taken by it".

Aleksandr Lebed was appointed to the posts of the Security Council secretary and simultaneously to the post of the Russian president's national security assistant by a decree of the Russian president after the first round of the presidential elections.

Russia: Yeltsin Issues Instructions on Inauguration Ceremony

LD1007182896 Moscow ITAR-TASS in English 1717 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Itar-Tass) — Russian President Boris Yeltsin today issued instructions concerning the arrangements relating to the presidential inauguration ceremony.

The president-elect will be sworn in on August 9 in the Cathedral Square inside the Kremlin. An official reception on the occasion will be held in the Faceted Chamber and St. George's Hall of the Grand Kremlin Palace, according to the presidential press service.

The head of state also issued instructions to invite the members of the two houses of the Federal Assembly (parliament), the justices of the Constitutional Court and the Chairmen of the Supreme Court and the Supreme Court of Arbitration, as well as representatives of the Central Electoral Commission, the presidential staff, the federal executive bodies, the Moscow city government and the heads of the foreign diplomatic missions accredited in Moscow to attend the ceremony and the reception.

In this context the State Duma lower house of parliament is planning to consider on Thursday, July 11 changes to its work schedule, according to First Deputy speaker of the lower house Aleksandr Shokhin. The changes will enable the Duma members to attend the inauguration ceremony in the Kremlin's Cathedral square on August 9. The Duma council will have to specify the schedule for the period preceding August 9 and directly after the president-elect is sworn in. According to its regular schedule the lower house is due to begin its summer recess on August 1, Shokhin said.

Among those invited to attend the inauguration ceremony and the reception are members of the presidential campaign team, the president's authorized representatives in the campaign, representatives of public organisations and religious associations, as well as prominent figures in the field of culture, science and art.

The Russian President on Wednesday confirmed that, taking into consideration Russia's special relationship with CIS countries, he will invite delegations from the member-countries of the Commonwealth of Independent States to take part in the ceremony.

Also on Wednesday, the steering commission held its first meeting and the Presidential Chief of Staff Nikolay Yegorov was appointed its head.

Other members of the steering commission are representatives of the houses of parliament, the Central Electoral Commission, the Federal and Moscow city governments, ministries and government departments.

Russia: Yeltsin Approves Security Council Guidelines, Structure

LD1007201096 Moscow INTERFAX in English 1942 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — Russian President Boris Yeltsin signed a decree Wednesday approving the guidelines and the structure of the Russian Security Council.

The Russian Security Council will enable the Russian president to carry out his duties as the protector of the human and civil rights and the sovereignty, independence and unity of Russia, officials in the presidential press service told Interfax.

The council will advise the president on the Russian foreign and domestic policy in providing the security of the personality, society and state.

The council will also draft decisions on preventing emergencies which could result in significant social, political, economic, military, ecological and other consequences and on dealing with their effects.

The council will identify the vital interests of society and the state and the dangers inside and outside the country to important installations, develop the guidelines on the strategy of security for Russia and organize the drafting of federal programs of security assurance.

Other functions of the Russian Security Council include the drafting of presidential directives on the country's defenses, military technological cooperation, imposition of economic sanctions, information development, development of the strategy and steps designed to promote the protection of Russia's independence and unity.

The Russian Security Council's activities will be directed by its chairman.

The council's secretary will be an official subordinate directly to the Russian president who will appoint and dismiss him.

The permanent and alternate members of the Russian Security Council will be appointed by the Russian president on the advice of its secretary.

Russia: Ilyushin Says Yeltsin To Spend Most of July in Moscow

LD1007144696 Moscow INTERFAX in English 1433 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — Russian President Boris Yeltsin will spend most of his time before the inauguration (tentatively scheduled for August 9) in Moscow, presidential senior aide Viktor Ilyushin said.

Speaking at a press conference in Moscow on Wednesday, Ilyushin said the president's health "causes no concern."

On the upcoming inauguration, Ilyushin noted that he "would not like to reveal all the details because the final decision on the procedure for taking office by the president has not been adopted yet."

At the same time, he pointed out that the inauguration should include "specific features characteristic of Russia from the point of view of both place and procedure and its participants."

Speaking about the resignation of Yeltsin's chief bodyguard Aleksandr Korzhakov, Ilyushin regretted that he "could not fully use all possibilities to settle the conflict."

"I know how much Korzhakov did for Boris Yeltsin and I do not think that people who have left their posts for one reason or another should be considered as outcasts," he said.

Asked to comment on the role played by Yeltsin's daughter, Tatyana Dyachenko, in the president's election campaign, Ilyushin said "it was interesting to work with her. She provided one of the reliable and credible ways of communication with the candidate."

Asked whether [words indistinct] of presidential structures along with other members of the president's election headquarters, the aide noted "I do not see any reason why the daughter cannot help her father with political work if this is fine with both of them."

Russia: Five People Hurt in Moscow Trolleybus Explosion

LD1107063296 Moscow ITAR-TASS World Service in Russian 0611 GMT 11 Jul 96

[By ITAR-TASS correspondent Igor Agabekov]

[FBIS Translated Text] MOSCOW, 11 Jul (Itar-Tass) — According to the latest figures, five people were hurt as a result of an explosion that occurred on trolleybus along route No. 12, which was travelling from Okhotnyy Ryad subway station to the Railways Ministry hospital. Representatives of Moscow's internal affairs department told ITAR-TASS that the incident happened at 0850 outside the Rossiya cinema.

There were five or six passengers plus the driver aboard the bus. According to an ITAR-TASS correspondent at the scene, an eyewitness who was travelling aboard the trolleybus insists that there really was an explosion, which damaged the front part of the vehicle and its roof. The driver received severe burns.

According to one version of the incident being investigated by a Federal Security Service team for Moscow and Moscow Region, which is now working at the scene, the explosion may have occurred not actually inside the trolleybus, but alongside it. The investigation of the incident is continuing.

Russia: Mayor's Office Calls Moscow Explosion 'Terrorist Act'

LD1107065996 Moscow ITAR-TASS in English 0653 GMT 11 Jul 96

[FBIS Transcribed Text] MOSCOW July 11 (Itar-Tass) — A woman-passenger in the trolleybus, which exploded this morning in downtown Moscow, found a "forgotten" shopping bag with vegetables in the vehicle and handed it over to the driver thus saving the passengers, according to an eye witness.

"She took it and gave it to the driver. Some time later an explosion occured in the driver's cabin", the eye witness told Tass on Thursday.

He said the trolleybus drove with the bag-hidden bomb for quite a time through central Moscow until it exploded in Pushkin square.

There were five-six people in the trolleybus at the moment.

"Had the explosion taken place in a fully crowded trolleybus, there would have been many more casualties. The wall separating the driver's cabin from the salon saved the passengers, but the driver was badly injured", the witness said.

Officials at the Moscow mayor's office qualified the explosion as a terrorist act.

Russia: Moscow Bomb Thought To Contain 100 Grams of Trotyl

LD1107083196 Moscow INTERFAX in English 0822 GMT 11 Jul 96

[FBIS Transcribed Text] MOSCOW, July 11 (Interfax) — The driver of a Moscow Route 12 trolley bus inside which an explosion took place Thursday, was rushed to an intensive care ward, the Moscow Medical Administration told Interfax. The driver, Aleksandr Koktev, 38, suffered bad burns and numerous bruises and had a leg broken and an arm torn, in the explosion.

Koktev has a wife and two children, aged 10 and 11, the Mosgortrans public transportation company told Interfax.

The four passengers who suffered lighter injuries went home.

The explosion took place at 8:53 a.m. at Moscow's Strastnoy Boulevard. Route 12 buses cruise between the subway station of Okhotnyy Ryad and the hospital of the Ministry of the Means of Communication.

According to eyewitness reports, passengers found and passed over to the driver a bag which exploded when the driver opened it.

The explosion destroyed the whole of the switchboard on the driver's right and damaged the upholstery and the partition between the driver's compartment and the main body of the bus. It is the partition that cushioned the blast wave and saved the passengers, law and order experts said.

The trotyl yield of the explosive device is tentatively put at 100 grams, the public relations center of the Federal Security Service told Interfax. The device was hiding in a navy blue 35-centimeter-by-40-centimeter cloth bag.

Men of the Federal Security Service's Moscow Administration, the Federal Security Service as such and the Security Service's Antiterrorist Center are busy working at the site of the explosion.

The public relations center of the Federal Security Service requests the passengers of the blown-up bus to phone in relevant information. Phones: 925-2819, 222-7194 and 280-0402.

Russia: Premier Declines Comment on REUTER Story on Yavlinskiy

LD1007151796 Moscow ITAR-TASS in English 1506 GMT 10 Jul 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, July 10 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin today declined to comment on a story by Reuters alleging that ex-presidential candidate Grigoriy Yavlinskiy was likely to become First Vice Premier in Russia's new government with major responsibilities for property, finance and economics.

Viktor Chernomyrdin recalled however that during his three-hour conversation with Yavlinskiy on Tuesday "we coincided on an extensive range of questions relating to the state and prospects for the development of the Russian economy."

"We discussed both current and macro-economic positions and problems and found much in common in our approaches with Grigoriy Yavlinskiy," Chernomyrdin stressed.

"That was practically our first meeting during which we succeeded in holding a circumstantial discussion of a wide range of questions," the Prime Minister said.

Viktor Chernomyrdin, whom President Boris Yeltsin told to draft proposals for a new structure and composition of the Cabinet of Ministers, did not disclose any details of his work in that direction. It was not immediately clear how many people will work on the Presidium of the Government which usually brings together the Prime Minister, his deputies and key ministers.

According to Chernomyrdin, it was also too early to speak about concrete nominations for the key posts in the government.

He promised, however, to keep the press posted about the progress, particularly after President Yeltsin screened the candidatures for vice-premiership.

Russia: Security, Fight Against Corruption To Be FSB Priorities

LD1007133096 Moscow INTERFAX in English 1309 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — The fight against corruption and ensuring the country's economic security will be the priorities of Russia's Federal Security Service (FSB) in the short term, new FSB Director Col. Gen. Nikolay Kovalev told journalists in Moscow Wednesday.

In cooperation with interior and prosecution personnel, FSB officers have succeeded in stopping deliveries of remote-controlled bombs and other kinds of armaments via the Baltic states over the recent weeks, he said. In addition, they spotted and arrested the organizers and executors of the bombing of a bus in Kabardino-Balkaria, an internal republic within Russia, he said.

Kovalev said he was personally supervising a number of corruption, terrorism and economic security cases under investigation.

Kovalev said he had explained his national security concept to Russian President Boris Yeltsin at their meeting Tuesday, and the latter approved it on the whole.

Russia: Interview With New FSB Head Kovalev Reported

MM1007144596 Moscow IZVESTIYA in Russian 11 Jul 96 p 1

[Report by Vladimir Mikheyev and Gennadiy Charodeyev on interview with Colonel General Nikolay Kovalev, newly appointed director of Russian Federal Security Service: "Colonel General Nikolay Kovalev: We Will Preserve, Augment, Recover, and Cleanse Ourselves. IZVESTIYA Interview With New FSB Director"]

[FBIS Translated Text] A spacious office on the second floor of the Lubyanka. On the wall was a two-headed eagle and oil paintings depicting Russian landscapes. Colonel General Nikolay Kovalev, aged 46, newly appointed by the Russian president to the post of director of the FSB [Federal Security Service], told us: The FSB has recently carried out a number of successful operations that will serve as proof to concerned citizens that the potential of security organs has been preserved and augmented.

Today we can say that security officers have uncovered the people who ordered and the people who carried out a major terrorist action — the explosions in Nalchik. These terrorist acts were intended as the first in a series of terrorist actions on Russian territory aimed at politically destabilizing society ahead of the second round of the presidential elections. And also aimed at involving yet another republic — Kabardino-Balkaria — in the conflict. A key element in the success of this major operation was the FSB's collaboration with General Prosecutor's Office organs and the Ministry of Internal Affairs.

Yesterday I led operations to neutralize an international gang of criminals who were manufacturing explosive devices. The business had been placed on a professional footing. It was a matter of regular deliveries of powerful radio-controlled explosive devices, in particular, to Moscow from near Riga. The design was original — the bombs were disguised as car alarms. These bombs can be detonated from a range of 500 meters. There was a real flood of orders from Moscow, and no problem with sales. Our security officers cooperated with colleagues from Latvia in order to uncover the criminal grouping.

Nikolay Kovalev noted with concern that recently there has been an unprecedented increase in the activities of foreign special services on Russian territory. Within a short timespan the FSB has uncovered 11 foreign intelligence agents and 28 Russian citizens who were cooperating with foreign residencies and prevented 67 attempted transfers of information, including top-secret information of state importance. As the new FSB chief stressed, questions of economic counterintelligence, in particular, the countering of industrial espionage and the theft of Russian advanced technologies, will be a priority sphere in his department's work. Before his new appointment Kovalev looked after precisely these spheres in the FSB.

The colonel general also said that he recently had a personal hand in catching major criminals red-handed. The gang was following a simple plan — in the guise of FSB officers they were searching foreign businessmen. During the search they would plant drugs, draw up a report, and name a price for "settling the matter."

However, the most interesting point came at the end of the conversation:

The times when we fought corruption by mounting campaigns are over, Kovalev declared with conviction.

If we really want to influence the situation we must also make use of the experience of Western countries — set up subunits under financial organs to carry out "special operations" and provoke officials to take bribes. It is not law enforcement agencies but precisely financial and banking structures that should do this. The bribetakers would be subjected to administrative rather than criminal penalties, in other words, they would be fired.

The new FSB director noted self-critically that corruption might also have taken root in the Lubyanka. Nikolay Kovalev expressed the hope that the FSB "will get over" this and "cleanse itself."

Russia: Appointment of New FSB Chief Seen as No Change of Course

MK1007140596 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 10 Jul 96 p 1

[Report by Aleksandr Khinshteyn: "The Life of the Kovalevs. FSB: Act Eight; Cast: the Same"]

[FBIS Translated Text] Having ranking civil servants with the same last name is already becoming a good tradition. In Internal Affairs Ministry agencies, for instance, there are three generals that go by the name of Kulikov: Minister Anatoliy [Kulikov]; the chief of the Moscow City Internal Affairs Directorate, Nikolay [Kulikov]; and the chief of the Moscow Oblast Internal Affairs Directorate, Aleksandr [Kulikov].

From yesterday there are now two Kovalevs in the cabinet of ministers. After Justice Minister Valentin Kovalev, following a presidential edict, Nikolay Kovalev, the newly appointed FSB [Federal Security Service] director, was included into the government. (It is noteworthy that a day before that a third well-known person of that name — human-rights activist Sergey Kovalev — was taken to the hospital with a heart attack).

The appointment of Nikolay Kovalev as FSB director was the president's first postelection move. The appearance of the 47-year-old colonel general on Lubyanka Square [FSB headquarters] shows how drastically Yeltsin is going to "revamp" the government.

While analysts argued, with foam around their mouths, who will get the key posts in the power structures (even the candidacy of Sergey Stepashin was named), Boris Yeltsin quietly made his choice. Merely changing the front, he, in fact, did not undertake any dramatic purges.

There is an opinion that Nikolay Kovalev's candidacy was proposed to Yeltsin by former [FSB] director Mikhail Barsukov. In particular it was on Barsukov's initiative that Kovalev was appointed acting director. He stayed in that position for three weeks.

At the time the colonel general's rise looked temporary. It was not clear why Yeltsin chose one of the seven deputy directors. Especially given that, under all existing rules, the first deputy director should have been placed in charge. Barsukov had two.

The answer proved to be fairly simple: Kovalev was simply being "conditioned" for the director's chair. Having had no time for a major purge, Barsukov had to settle for less.

To all appearances the relationship between Barsukov and Kovalev began long before the Kremlin garrison commander joined the counterintelligence service. According to our sources, in December 1994, after Yevgeniy Savostyanov was dismissed from the position of chief of the FSK [Federal Counterintelligence Service] Moscow Directorate for daring to send a special task group to put things to rights at the Most-bank premises, precisely Kovalev was invited to head the Moscow directorate. Let us recall that at the time the Moscow branch was temporarily headed by Main Protection Directorate Chief Mikhail Barsukov. That invitation could not have come without his consent (or even his initiative).

At the time our sources in the Kremlin often sighted Kovalev, who had regular audiences with the Kremlin garrison commander.

His past is not in the new director's favor. For many years Kovalev worked in the ideological counterintelligence and political surveillance department. He monitored dissidents and malcontents. Official FSB representatives, who effectively concealed the fact, should be given their due. While one Kovalev, who served a prison term for his political convictions, is proclaimed the people's conscience, the other one, who watched Sergey Kovalev's friends, represents a new face of the security agencies.

True, if you turn a blind eye to the goods and chattels accumulated by "dark horse" Kovalev during his career, and his connections with Barsukov, the new counterintelligence service director looks rather a compromise figure. Presumably he suits the president, the prime minister, and the proud Lebed because he has never been involved in intrigue and is unknown to the broad public. Kovalev will also be liked by the FSB personnel. Being a professional (he began working in the security service in 1974 and moved all the way up from junior operative to deputy director), the colonel general will hardly resort to any bloody reorganizations.

The power agencies have long been a bargaining chip.

But whereas Barsukov's coming to Lubyanka marked a toughening of the Kremlin line, the appointment of Krapivin and Kovalev shows that the line is not changing.

Simply, the president followed the example of the one-eyed Field Marshal Kutuzov. He surrendered Moscow to the French to assure them of Russia's inevitable defeat, immediately delivering a strike on the overjoyed enemy. This one [Yeltsin] threw the gray cardinals to the crowd to have some fun — replacing them with their own proteges.

Russia: Ilyushin, Chubays Tipped for Leading Posts

LD1007165596 Moscow INTERFAX in English 1640 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — Former top Kremlin aide Viktor Ilyushin may well be appointed as first deputy prime minister in the new government, well-informed sources in an interview with Interfax quoted President Boris Yeltsin as saying at the last meeting with his campaign officials.

But no word has been given of Ilyushin's possible area of responsibility.

It is now known that the president has already agreed Ilyushin's candidacy with the prime minister.

Sources in Moscow say Anatoliy Chubays, formerly first deputy prime minister in charge of privatization, will be put in charge of a public council for the country's strategic development to be formed on the basis of Yeltsin's former election headquarters.

They say the Kremlin chief of staff is also to act as Yeltsin's senior aide, a post that is no longer assigned to the group of presidential aides.

Military Issues

Russia: Grachev Denies Corruption Charges, Counterattacks

MK0907130596 Moscow NEZAVISIMAYA GAZETA in Russian 9 Jul 96 p 1

[Interview with Pavel Grachev, former Russian defense minister, by Natalya Konstantinova; place and date not given: "Pavel Grachev: 'My "Corruption" Consists of Illegally Helping Rokhlin and His Family'" under the general headline: "The Military Brass Is United in Rejecting Lev Rokhlin's Statement. Cut to the Quick, the Generals Deny Charges of Corruption, While Some of Them Are Ready To Defend Their Honor in Court"]

[FBIS Translated Text] [Konstantinova] Pavel Sergeyevich, what can you say concerning the abuse of office charges leveled by Lev Rokhlin against the former leadership of the Defense Ministry and the General Staff?

[Grachev] As concerns my "corruption," it only consisted in that my colleagues and I saw Rokhlin as a person who would, in the future, support the movement of servicemen who fought in Chechnya. Second, my "corruption" consisted in that we artificially raised his status; that is to say, awarded him the rank of lieutenant general and did everything to make him a State Duma deputy, because he never even thought of becoming one. By fair means or foul we propelled him into the post of defense committee chairman. And Mr. Rokhlin solemnly swore at the Defense Ministry that he would uphold the interests of the defense minister, the Defense Ministry, and the armed forces, which he, in fact, did — initially. But then somebody must have put some ideas into his head.... This must be why he revised his approach, although he personally did not inform me about that. This is third.

Fourth. Grachev's "corruption" on the personal plane is that I have always reckoned with Rokhlin's difficult family situation when he still lived in Volgograd. I illegally procured an apartment for him on Rublevskoye Shosse [western Moscow]; I gave him a plot of land in the suburbs, and did everything to meet all his needs before he came to serve in Moscow.

Further, Grachev's "corruption" consists of the following. Rokhlin fell seriously ill back in Volgograd, and I did everything to get an evacuation aircraft, at night, to take him from Volgograd to the Burdenko hospital [in Moscow] and ordered that the best doctors be summoned, and to provide additional funds — which I was not at all obliged to do — for expensive drugs and an extremely complex heart operation. Grachev's "corruption" consists in that he, by hook and by crook, saved Rokhlin's life. He can confirm all of this. It was not even a matter of minutes, but of seconds.

[Konstantinova] What happened then, and why did Rokhlin suddenly revise his attitude toward you?

[Grachev] This is a big question. I am stumped for an answer. I do not know what happened, especially considering that he never raised the issue of Grachev's corruption. I believe the reason here is simple: He has been conditioned by Lebed supporters. I do not know what he received, or how, but his views abruptly changed.

[Konstantinova] At a press conference in the Duma, Lev Rokhlin named a few names, including Gen. Rodionov. What do you think about this?

[Grachev] He does not know Rodionov at all. He has never worked with him. But the gist of his statements at that press conference was that Rodionov should be defense minister. It was clear that somebody had put him up to it; that somebody had in some way or other pushed him to give that speech, because the speech was obviously not written by him. Later, taking questions from parliamentarians, he could not say anything coherent.

Once again about Grachev's "corruption." Thus far no criminal action has been taken against me.

[Konstantinova] And what about the dachas and mansions.

[Grachev] They show a lot of dachas.... Yesterday, for instance, they showed what was alleged to be my dacha in Bakovka [Moscow suburb], and so forth. I assure you once again that I have only one dacha — one that was not built, but bought way back in 1991. Of all the [official] dachas that I have had, all have been returned to the state — where they belonged. I have only one dacha: No. 6 Dachnaya Polyana, Krasnogorsk District, where I am living now. I have no other dachas. If anybody finds a dacha in any part of the Moscow region and claims that it belongs to Grachev, he may have it. Everybody is welcome to come and take a look at my [real] dacha.

[Konstantinova] Pavel Sergeyevich, what can you say about the relationship between the Defense Ministry and the financial-industrial group Lyukon?

[Grachev] Grachev is that official without whose approval no serious contracts, decisions, and so forth could be made. But before a particular decision or contract was approved or consent given — say, to participation by a particular firm in a construction project (all of this being designed to build housing for military services) — it was prepared by so-called experts: deputy defense ministers, and chiefs of main and central directorates [of the Defense Ministry]. This is standard procedure. They appraised various options and then submitted their proposals and conclusions, while I made the final decision. As in this case. Two deputy defense ministers presented their proposals to me; there was also an independent auditor, to preclude bias. And so, on their proposal, I approved a contract with that firm. And then it was a purely technical matter, because today there is a new firm and tomorrow it disappears, and then it reappears again. There is nothing criminal about this.

[Konstantinova] So, Kokoshin took part in the decision-making. Who else?

[Grachev] Kobets, and auditor Rodionov. Is there anything corrupt about this? There is nothing corrupt about this, because I have always been convinced that the contract with Lyukon should have been signed. There were no other instances of corruption cited against me. What about the corruption in which I apparently bogged down? Of what does this corruption consist? I still do not understand. As to charges against Kobets, Vorobyev, and Zherebtsov, who allegedly created a slave battalion; and accusations against Kharchenko, these are personal, private charges. As far as I know, all of them are currently preparing documents to go to law. They believe the charges made against them are groundless.

[Konstantinova] Will they sue for libel?

[Grachev] Yes. In fact Rokhlin has no evidence, except for general phraseology. Contracts can be successful, unsuccessful, and extremely unsuccessful. This is life; this is market economics.

The main thing, however, is that there was nothing sensational in Rokhlin's statements. As minister, I did not conceal anything from anybody. For instance, the Prosecutor's Office knew all about this, and it made its appraisal; there was no concealment. So, he did not say anything new; all of this is known, but presented in an overdramatized form.

I was recently approached by a group of young men, who refurbished Rokhlin's apartment on Rublevskoye Shosse, presenting a 120-million ruble bill. He has not paid them for their work, nor is he going to. The work was completed three months ago. Now this is corruption — no mistake.

[Konstantinova] What are you going to do next? What are your plans?

[Grachev] I am going to visit my relatives, in my home town. I am fine.

Russia: Rokhlin Discusses 'Revelations' on Corruption

AU1007183996 Bratislava PRAVDA in Slovak
10 Jul 96 p 18

[Interview with Lev Rokhlin, chairman of the Defense and Security Affairs Committee in the Russian State Duma, by Felix Alexejev; place and date not given: "I Am Walking on a Minefield"]

[FBIS Translated Text] General Lev Rokhlin (member of Chernomyrdin's bloc Russia Is Our Home) set off the first postelection scandal on the Russian political scene. Referring to the results of investigations by the chamber of auditors [uctovna komora], the chief of the Defense and Security Affairs Committee of the lower house of the Russian Parliament accused Pavel Grachev, former minister of defense, and the "toadies and thieves" around him, of corruption. On Tuesday, Grachev rejected these accusations, indicating that this was a maneuver by Aleksandr Lebed, the new secretary of the Security Council of the Russian Federation, aimed at pushing his favorite, General Igor Rodionov, into the post of minister of defense.

[Alexejev] Are you not afraid of having entered a very dangerous ground with your revelations in Parliament?

[Rokhlin] Yes, I am walking on a minefield. It is absolutely clear to me that, if I remain isolated, I will not have the slightest chance in the struggle against corruption in the Army's top echelons. Unless I receive support from others, my attempt will be doomed to failure. I accepted this risk and I am fully aware of the possible consequences. If our Army scores at least a small victory and a person becomes minister who will manage to introduce order, I will have won. Even if I lose something personally. I am ready for any sacrifice. I know that they are going to attack me with compromising materials. That is no problem for them. The accusations will be so many that I will not even have the physical strength to go to court with all the cases. General Podkolzin, commander of the airborne troops, has already come up with the accusation that, during the attack on Groznyy, I was supposedly responsible for the annihilation of the 135th motorized infantry brigade. In reality, I did not command this brigade for even one minute. I have no chance but to rely on support because the forces standing against me are rich, well organized, and influential.

[Alexejev] Are you accusing former minister Grachev of corruption directly?

[Rokhlin] I accuse him, first and foremost, of not having taken any action against it. Everything else is the courts' business.

[Alexejev] Why did you keep quiet for so long and did not come up with your revelations earlier?

[Rokhlin] The gist of the matter is that, even in the no less serious issue of losses of the 245th regiment during the battle for Groznyy, I reported everything to the minister of defense. I acted in the same manner also now. These are not my fabrications. Everything is based on documents signed by the chairman of the State Duma Chamber of Auditors. I did not get the results of this audit until 4 July.

[Alexejev] You are proposing that a Military Committee be established within the Security Council to coordinate and control the power-wielding [silova] departments. According to your opponents, the establishment of yet another power agency would in reality only further escalate the already immense tensions. If the president entrusted the prime minister with forming the government, would it not be more logical if the power-wielding ministers became real members of the government and were accountable to the prime minister?

[Rokhlin] Deciding on what is more logical is not as simple. We were proceeding from our old Soviet experience and from our understanding of the present situation and proposed therefore that use be made of something that already worked in our country. Of course, this experience cannot be simply repeated.

[Alexejev] You have been accused of pursuing a definite goal by your revelations about corruption in the ministry's leadership — namely, that uncalled-for persons be taken off the list of candidates for the post of minister of defense.

[Rokhlin] I am prepared to bear personal responsibility before everyone I named, should he not consider my statements to be absolutely precise. Army General Kobets declared that, supposedly, I had spoken out only to prevent some candidates from becoming minister of defense. He was partly right. It would be a deadly blow for our Army if Kobets were to become minister of defense after Grachev.

[Alexejev] Do you hope that President Yeltsin will support you?

[Rokhlin] Everyone must support me.

[Alexejev] What is the president's share of responsibility for corruption in the Army? After all, he is its supreme commander....

[Rokhlin] I think that, in the same way as the commander of a regiment or the commander of a district cannot keep an eye on every soldier, the president cannot keep an eye on everything going on in the armed forces.

Russia: Chief Military Prosecutor Featured on Program

LD1007202996 Moscow NTV in Russian
1535 GMT 10 Jul 96

[From the "Hero of the Day" program]

[FBIS Summary] Today's 25-minute live program features chief military prosecutor Valentin Panichev as studio guest. The program is presented by Pavel Lobkov.

Panichev says he had a meeting with General Rokhlin who, in his report to the State Duma, accused top military generals of corruption. Panichev states: "The chief military prosecutor's office knew of the facts mentioned in his report." He continues: "Talking about Lyukon, we have been checking it for several months now. Moreover, we began checking it even before the newspaper published anything. Now things have been stepped up and various experts from the Ministry of Finance and the bank are involved. We have also approached our colleagues in the police and the Federal Security Service. An investigation is under way."

Panichev says the work of the military prosecutor's office does not depend of the personality of the defense minister. He adds: "I've been in this job for four years and Grachev was the defense minister in that time. There has not been a single case when Grachev would telephone me and say: Valentin Nikolayevich, you should take the following decision on the following case. There have been no such instructions."

Panichev goes on to note that there is no law on corruption in Russia which makes it difficult for the law enforcement bodies to fight it. A presidential decree on combatting corruption is expected to be signed soon.

Russia: Possible Source of Deputy's Military Corruption Data Named

MK1007141196 Moscow NEZAVISIMAYA GAZETA in Russian 10 Jul 96 p 2

[Report by Igor Korotchenko: "The Struggle for the Post of Defense Minister"]

[FBIS Translated Excerpt] [passage omitted] It is clear that the subject of fighting corruption among the top military brass will hardly be closed in the next few months. The new defense minister will be able, on these grounds, to launch a major personnel purge in the military department's central apparat, ousting Pavel Grachev's incompetent appointees and placing real professionals in key positions. He will predictably find active support on the part of Aleksandr Lebed.

You can expect that after the first tangible success stories in this area, numerous reports will be coming in to the Security Council from officers who have witnessed abuses perpetrated by their commanders/entrepreneurs. In Moscow alone, approximately 25 percent of operational commanders successfully double as businessmen.

Two years ago, on government directive, the Finance Ministry audited the financial performance by the Russian Federation Defense Ministry. In the final 11-page memo for Viktor Chernomyrdin, which enumerated the established violations, a whole three pages were given to analysis of financial irregularities at the Defense Ministry Main Directorate for International Military Cooperation. It also named the direct culprits in all those violations: Colonel General Markovskiy, chief of the Main Directorate; and Major General Ulyanov, chief of the Financial and Economic Service. Subsequently, both generals were discharged from the military. Yet some time later Ulyanov — not without assistance from Lev Rokhlin, chairman of the Duma Defense Committee — became an auditor with the Comptroller's Office. He was placed in charge of all matters of financial and economic activity by the Defense Ministry. Ulyanov took an active part in preparing Lev Rokhlin's sensational report. [passage omitted]

Federal Assembly

Russia: Duma Will Extend Session To Approve New Premier

LD1007121996 Moscow ITAR-TASS in English 1205 GMT 10 Jul 96

[By Igor Zhukov]

[FBIS Transcribed Text] MOSCOW, July 10 (Itar-Tass) — The State Duma (Russian parliament lower chamber) will evidently extend its parliamentary session till August 15 in order to approve a new candidacy of cabinet head which Boris Yeltsin will submit for the consideration of the chamber right after his inauguration on August 9.

It was planned earlier that the last plenary session will be held by the Duma on July 19. However, in the opinion of some legislators, the Duma should not recess for the holidays until it approves the new premier.

Therefore, the Duma Council at its meeting on Thursday will decide the question on extending its session till mid-August.

Russia: Duma Requests Yeltsin Nominate Prime Minister on 9 Aug

LD1107103596 Moscow ITAR-TASS in English 1024 GMT 11 Jul 96

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, July 11 (Itar-Tass) — The State Duma (Russian parliament lower chamber) requested Boris Yeltsin to submit the candidacy of premier to the chamber already on August 9, right after the president's inauguration, first deputy speaker of the State Duma Aleksandr Shokhin told reporters here on Thursday.

According to Shokhin, this request was prompted by a premise that the Duma intends to work under its already approved schedule and plans to gather for its special plenary meeting on August 10 or 11 in order to debate the candidacy of cabinet head. It will be preliminarily discussed by deputy groups.

Shokhin noted that the communist group expressed also another proposal at a meeting of the Duma Council. Its essence is that the chamber shouldn't be recessed for the parliamentary holidays, as it was planned from August 1, but should continue the current session by another two weeks.

It will be known on Friday which decision will be taken finally when the plenary session of the Duma will debate the question of how the chamber will work in connection with the coming inauguration of the president.

Russia: Seleznev Writes to Yeltsin on Government Formation

LD1007200296 Moscow ITAR-TASS World Service in Russian 1520 GMT 10 Jul 96

[FBIS Translated Text] Moscow, 10 Jul — The State Duma of the Russian Federation "is interested in considering the issue of giving its assent to the appointment of a Russian federation government chairman within the shortest possible time frame and thus providing the opportunity to put together a government." This was referred to in a letter addressed to President Boris Yeltsin by Duma Chairman Gennadiy Seleznev. The letter requests the head of state to set a date for submitting a candidate for the Russian government chairmanship for the consideration of the Duma.

Gennadiy Seleznev recalled that subsequent to the ceremonial taking of office of the newly elected Russian president, scheduled for 9 August, "a candidate for the government chairmanship is, in accordance with Part 2 Article 111 of the constitution of the Russian Federation, to be submitted to the State Duma for consideration within two weeks."

"Since the events referred to coincide with the parliamentary recess and since a time will need to be planned for a special session, I request you," the Duma chairman writes, "to give us an approximate deadline for submitting the candidature of the chairman of the government of the Russian Federation to the State Duma for its consideration."

A meeting of the Council of the State Duma on Thursday [11 July] is to discuss the timetable for the work of the chamber, in view of the presidential inauguration scheduled for 9 August. Deputies at a plenary meeting of the chamber were told this today by Aleksandr Shokhin, the State Duma's first deputy chairman. The Duma deputies will attend the ceremony at which the president will take the oath on Cathedral Square in the Kremlin. The Duma council will determine how the chamber will work up to 9 August and after the president has taken office.

It is known that the deputies were due under the rules to begin their parliamentary vacation from 1 August.

Russia: Duma Fails To Pass Bill on Human Rights Commissioner

LD1007134896 Moscow INTERFAX in English 1215 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — The Russian State Duma failed to gain 300 votes necessary for repeated approval of the law "On Russian Human Rights Commissioner" rejected by the upper parliament chamber (the Federation Council) on May 15.

The bill, reworked by a parliamentary conciliatory commission, was supported by only 248 deputies, two abstained.

Presidential Commissioner in the State Duma Aleksandr Kotenkov opposed the law, which includes an essential amendment of the upper parliament chamber. The amendment gives the right to Russian regions and territories to introduce the post of local commissioners for human rights. Kotenkov stressed "this creates a mechanism to block the work of the federal commissioner in regions."

Chairman of the Duma Committee for Legislative Affairs Anatoliy Lukyanov, the communist faction, disagreed with the presidential commissioner and said they should repeatedly approve the bill with the amendment, because otherwise the upper parliament chamber will reject it again. Lukyanov reminded law makers they have been considering this law for three years.

Still, the draft was voted down.

The bill has been submitted to the conciliatory commission for further work. Duma deputy speaker Aleksandr Shokhin proposed to make the commission tripartite and include Presidential Commissioners in the State Duma and the Federation Council A. Kotenkov and A. Sliva in the commission.

Russia: Duma Budget Crunch Forces Economy Drive

MM1007131596 Moscow IZVESTIYA in Russian 10 Jul 96 pp 1, 2

[Article by Sergey Chugayev: "Duma Deputies Will Have To Travel on Foot More Often"]

[FBIS Translated Text] Even before election passions have had time to abate in the Russian Federation State Duma, deputies are faced with the harsh necessity of belt-tightening. A tough policy of thrift has now been introduced in the lower house of the Russian parliament.

Limits have been set on intercity phone calls, the number of cars at deputies' disposal has been reduced more than threefold (from 100 to 30), and instructions have gone out to be even thriftier in the use of paper. The State Duma has essentially run into debt and is currently spending on its own upkeep the money that, according to the budget plan, ought to have been spent in September.

As is well known, I. Rybkin, chairman of the former Duma and a deputy in the current one, has blamed this situation chiefly on the CPRF [Communist Party of the Russian Federation] faction, which turned parliament into its election campaign headquarters and spent treasury money.

To be fair, it has to be admitted that parliamentarians owe their current plight primarily to their predecessors. During the debate over this year's budget the left-wing factions, primarily the CPRF, ferociously attempted to increase the expenditure side of the budget — expenditure on social programs, state support for science and education, and so forth. And when matters had gone too far I. Rybkin, at that time head of parliament, told his colleagues, apparently as a joke, to cut budget expenditure on themselves. However, by then the left-wing parliamentarians had the bit between their teeth to such an extent that they failed to get the joke, were unable to stop, and accepted the proposal. So instead of the 700 billion rubles [R] projected in the draft budget, the Duma received R340 billion for its expenditure. Even at the time it was clear that this decision would have repercussions for the deputies. Which it has had.

According to D. Krasnikov, chairman of the Committee To Organize the Work of the State Duma and a member of the CPRF faction, the Duma became aware of the first signs of the financial difficulties even before the start of the election campaign. There began to be interruptions in the payment of wages not only to staffers but also to legislators. The Committee To Organize the Work of the State Duma was even forced to decide to abandon payment of advances. The debt to deputies' assistants in the regions now totals R43 billion. The possibility of paying deputies their holiday pay is very much in question.

D. Krasnikov described as "unfounded" I. Rybkin's claims that the CPRF faction is to blame for the Duma's current financial ills. By way of an illustration he cited the situation in the Federation Council, which was untouched by election fever. According to him, the budget deficit there is already R240 billion.

Nevertheless, there is a certain element of truth in the words of the speaker of the fifth State Duma. Dozens of journalists witnessed how actively the CPRF campaign headquarters operated in the Duma. The faction members (around [illegible] deputies) and their assistants spent practically the whole time traveling at the Duma's expense. We can only conjecture about the number of intercity phone calls. However, the deputies supporting other presidential candidates, for instance, the LDPR [Liberal Democratic Party of Russia] faction and "Yabloko," did not lag behind their Communist colleagues. Although, obviously, they operated on a more modest scale. So there are grounds for believing that the election campaign struck an appreciable blow to the Duma's financial status.

Interestingly, despite the disputes currently under way in the Duma over whether a state institution can be used to resolve private political problems, the party headquarters are continuing to operate. It is precisely within the walls of parliament's lower house that the Communists are reshaping their opposition "people's patriotic" bloc. They are not alone. Rybkin too is among those creating their own movements. The address of its headquarters is the State Duma. The same address is given in the imprint of the newspaper KRASNAYA PLOSHCHAD [Red Square], which is published by Rybkin.

Regional Affairs

Russia: Resumption of War in Chechnya Seen as Inevitable

MK1107094396 Moscow SEGODNYA in Russian 10 Jul 96 p 1

[Report by Mariya Eysmont: "On the Day After There Was War"]

[FBIS Translated Text] Of those people who gave their votes to the Russian president very few expected that combat operations in Chechnya would be resumed even before the final results of the election were announced. Judging by the fact, however, that some time was needed to organize an offensive of the federal troops on the village of Gekhi, the command of the united group of forces began to plan this operation several days before it started; i.e., immediately after the election. It was just this electoral promise by the president, which drew the greatest number of hesitant voters to his side, that was broken with unbelievable ease.

It would be naive to believe that the fight was resumed on the initiative of General Tikhomirov — who never had seen any point in holding talks with the separatists. Neither did he conceal this fact on the eve of Boris Yeltsin's reelection. Equally, Doku Zavgayev, who continued throwing mud at the "gangsters" — now all of sudden transformed by Moscow into "the Chechen side in the negotiations" — managed, after all, to hold the elections for the republic's National Assembly, ignoring the agreement signed in Nazran.

Those, who, in the midst of the electoral heat, found time to monitor the Chechen problem, which had been pushed into the background, were certainly amazed at just how quickly the sides arrived at the signing of the agreement to withdraw troops before the end of August, to exchange all forcibly held persons, to eliminate all checkpoints before 7 July, to disarm all gunmen, etc. It took only five days for the Russian delegation to agree, in fact, to all the demands of the Chechen side — except, possibly, for the recognition of the sovereignty of the republic and the legitimacy of Yandarbiyev's government.

Realizing, on the whole, that they were acting as hostages of the Russian presidential election, members of the Chechen delegation were wrong only about one thing: They thought that the main aim of the Russian side was to drag out the negotiations so as to disrupt them after Yeltsin's reelection. This is why the representatives of Ichkeria [Chechnya] insisted that the protocols be signed as quickly as possible and that their quite harsh requirements be accepted. After the signing of the Nazran agreement, however, the Chechen delegation had no illusions about the future of the new peace treaty — unlike the summer of last year. Therefore, immediately after the Nazran agreement was signed, the gunmen started to regroup their forces and to purchase armaments and ammunition. Just as the Russian command did not even think about removing its checkpoints by 7 July (or in the near future in general) or about withdrawing troops by the end of August. The gunmen had no intention of disarming and, most interestingly, no one in earnest asked them to do so. The fact that the gunmen were regrouping and purchasing new weapons, instead of handing them in, was used by the federal command only as an argument supporting its accusations of their failure to fulfill the agreement.

Long before the operation in the village of Gekhi started, the command of the main headquarters of the Chechen armed formations announced that it was switching over to "defensive actions in response to the disruption of the Moscow and the Nazran agreements by the Russian side."

Concurrent with the resumption of combat operations in Chechnya, energetic preparations are being made for the visit of Aleksandr Lebed, new secretary of the Russian Federation Security Council. The general's electoral speeches on the Chechen topic drew the attention of Ichkeria's leaders, who counted on his favorable stance toward them and linked their hopes for the withdrawal of federal troops with Mr. Lebed's name. He, however, fell short of their expectations by announcing that during his visit to the zone of the conflict he was going to meet only with Doku Zavgayev, the official head of Groznyy, whom he regarded as the sole legitimate authority in the republic. As for his meeting with representatives of the armed opposition, it could take place only if the same Zavgayev deems it necessary (which, of course, he will never do).

Lebed's decision to ignore representatives of the armed opposition can be explained both by the fact that he has finally voiced the official view of the Kremlin on the subsequent negotiation process with the adversaries as well as by the fact that, while examining the Chechen problem, Mr. Lebed was briefed by those sources that were interested in the strengthening of the pro-Moscow Chechen administration, rather than in furthering contacts with the separatists.

As for the Russian leaders, who have not yet finished celebrating Boris Yeltsin's victory in the election, by sending Lebed to Chechnya they are, on one hand, fulfilling their electoral promise to use the champion of justice and order for the settlement of the most burning problem and, on the other, are freeing themselves of any responsibility for all the consequences of the actions of the Security Council secretary in Chechnya. Now the general will need to show his strength in practice, as well as his ability — of which he spoke so eloquently before the election — to put things in order.

The conflicting sides were ready for the resumption of the war. If indeed anyone has been misled this time, it is the ordinary Chechen people and the parents of the soldiers currently in Chechnya who were naive enough to believe that peace is at hand and that the officially signed documents have some force. They are in for more troubles: ruined homes, and zinc coffins. In the coming four years, however, all of this is a matter of no concern for the new Russian president.

Russia: Operation Against Chechen Rebels in Gekhi 'Completed'

LD1107122896 Moscow INTERFAX in English 1201 GMT 11 Jul 96

[FBIS Transcribed Text] URUS-MARTAN (CHECHNYA), July 11 (Interfax) — The operation against Chechen separatist forces in the village of Gekhi, the Urus-Martan district of Chechnya, has been completed by 2:00 p.m. on July 11, Yunadiy Usamov, Moscow-backed Chechen deputy prime minister, told Interfax at around 3:00 p.m. on Thursday.

Chechen separatist militants have been dispersed, Usamov, now in the regional center of Urus-Martan, said, adding that the rebels had suffered numerous casualties. However, detailed information about casualties was not immediately available.

Russian federal troops have not entered into the village of Gekhi, Usamov said.

Necessary operations in the village are being carried out by representatives of the Urus-Martan district's law enforcement agencies and Chechen riot police officers, he said, adding that "interior troops will help them if necessary."

Chechen elders are active in the village in order to prevent possible incidents, Usamov said.

The majority of civilians have left Gekhi, he said, adding that however many civilians had suffered from combat actions.

Sanaki Arbiyev, Moscow-backed Chechen deputy prime minister, told Interfax Thursday that "the events in Gekhi have not considerably influenced the situation in the republic, which remains stable and controllable."

According to the official Russian version, Russian troops were ambushed in Gekhi while checking local residents' passports on Tuesday. Eight Russian troops were killed and over 20 Russian troops were wounded. After this Russian federal troops blockaded the village and fired upon it using aircraft and artillery.

Russia: Chernomyrdin Aide: Chechnya Secession Was Always an Option

MM1007165196 Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 96 p 2

[Article by Vladimir Yanchenkov under the "Topical Commentary" rubric: "Is the Secession of Chechnya From Russia Possible?"]

[FBIS Translated Text] Although the country's top leaders have repeatedly declared the end of the war in Chechnya, the conflict is unfortunately still a long way from a positive resolution.

The latest evidence of this is the fierce fighting that flared up 9 July near the settlement of Gekhi in Urus-Martanovskiy Rayon, resulting in casualties among servicemen as well as the civilian population.

It is hardly fair to connect what happened solely with the increased activeness displayed in recent days by Lieutenant General Vyacheslav Tikhomirov, commander of the temporary combined forces in Chechnya. And in particular, with his tough ultimatum concerning the servicemen being held by the Ichkerian side. It would be more accurate to say that the latest armed clash is just one link in an endless chain of provocations by the gunmen, aimed at wrecking the accords reached in Moscow and Nazran.

Another real cause of the continuing armed provocations against the federal forces is undoubtedly the fact that neither Yandarbiyev nor Maskhadov, chief of the main staff of the illegal armed formations, is capable of controlling the disparate gangs of gunmen, whose commanders are playing their own bloody game.

The next move in events in Chechnya will be determined largely by the program for the trip to the rebel republic by Security Council Secretary Aleksandr Lebed, who, as is known, has already made a sensational statement that he does not rule out Chechnya's secession from Russia in the event that that is the will of the republic's population, expressed in a referendum. In this respect the opinion of Nikolay Semenov, adviser to the chairman of the Russian Federation Government, is interesting. He believes that Chechnya's secession from the Russian Federation has always, from the very beginning of the talks, been regarded as a perfectly possible option. But on two essential conditions: that it is the people's will and that a specific legal basis is created, that is, that the appropriate amendments are made to the Russian Federation Constitution.

Assessing the present situation in Chechnya, the prime minister's adviser believes that the new tension is due, among other things, to a nervous collapse on the part of the people taking part in the talks: "We are all only human, our nerves are not made of steel."

The prime minister's adviser is convinced that ill-thought-out actions by the federal forces, without due preparation for their proper reception by the public, are also impermissible in the process of settling the Chechen conflict. Other, effective methods of settling the conflict in Chechnya must be sought.

Russia: Russians Urge Chechens To Take Position on Crime, Terrorism

LD1007134696 Moscow ITAR-TASS in English 1333 GMT 10 Jul 96

[By Nikolay Zagnoiko]

[FBIS Transcribed Text] MOSCOW, July 10 (Itar-Tass) — The Russian government urged Chechen separatist leaders to clearly announce their position on crime and terrorism that have swept Chechnya.

Akmal Saydov, the Russian government's deputy envoy to Chechnya, said Chechen rebel leaders must "either officially state their involvement in these criminal gangs or distance themselves from them."

The situation in Chechnya has dramatically deteriorated lately following a series of terrorist acts, murders, abductions and incidents of trafficking in hostages.

"This considerably complicates the implementation of the Moscow and Nazran agreements on military and humanitarian issues concerning the release of all people who are being held by force," Saydov said in a statement on Wednesday. The most authoritative leaders are being methodically persecuted and murdered, he said.

As an example, Saydov recalled the assassination of Yusup Elmurzayev, the head of the Urus-Martan district of Chechnya, an attack on Anatoliy Storozhenko, the head of the Shelkovskoy district, as a result of which he received serious injuries, the abduction of Chechen Minister of Education Yefim Gelman, Chechen Interior Ministry information chief Anatoliy Lunev and Groznyy's Leninskiy district head Lyudmila Radimushkina.

He stressed that ethnic Russians barely make up 10 percent of the republic's population, but they are the target of half of all murders, abductions, rapes, suicides and property crimes, including the seizure of apartments.

They also account for a great deal of those missing and for a quarter of all corpses found in Chechnya.

"This has a direct linkage to the designs aimed at driving ethnic Russian out from the Chechen Republic," Saydov said.

Separatist leaders often shift the blame to some third force which they claim they do not control.

If this is true, Saydov said, "joint measures can, and should, be taken to destroy" the gangs, for such actions "coupled with the mutual desire to restore peace would facilitate the implementation of the reached agreements."

"The potential of peaceful methods is not exhausted yet. The latest developments in the villages of Gekhi and Makhkety, where anti-rebel operations are under way, do not undermine the policy of settling the conflict in Chechnya by peaceful methods. The sides are trying to show restraint and have determined, via their channels, that it is too early to shelf the question of peaceful settlement in Chechnya. There are still possibilities for peaceful contact," he said.

Russia: Chechen Situation Result of Split Among Opposition Leaders

LD1007100796 Moscow INTERFAX in English 0947 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — The aggravated situation in Chechnya results from a split among Chechen opposition leaders, press center head of the Russian state commission for Chechen settlement Sergey Slipchenko told Interfax Wednesday [10 July].

The events in the Gekhi settlement were instigated by the more radical field commanders surrounding Chechen opposition leader Zelimkhan Yandarbiyev in order to break the peace talks, he said.

"The federal delegation felt there was a split in the Chechen opposition back on July 3, when head of the Chechen rebel staff Aslan Maskhadov and Chechen spokesman Movladi Udugov did not come to Novye Atagi for negotiations," noted Slipchenko.

At the same time, "there are forces in the separatist circle who sincerely want peace. They include Chechen chief negotiator Khozh Akhmed Yarikhanov," said the official.

A regular meeting of heads of the working groups for exchange of detained persons Nikolay Bezborodov and Kazbek Makhashev will be held later today in Groznyy. "This meeting reaffirms there are prospects for peace settlement despite the aggravated situation," said Slipchenko.

Economic Issues

Russia: Yeltsin Signs Edict on Considering Federal 1997 Budget

LD1107085396 Moscow INTERFAX in English 0759 GMT 11 Jul 96

[FBIS Transcribed Text] MOSCOW, July 11 (FIA-Interfax) — President Boris Yeltsin signed the parliament-approved decree regulating principles of consideration and adoption of the federal 1997 budget.

The new procedure, in particular, provides for consideration of the federal decree on the 1997 budget by the State Duma in four but not in three readings as it was before.

The draft budget is considered to be submitted in time if it is presented to the State Duma before 12:00 p.m. of August 31, 1996.

The Russian government must present additional documents to the State Duma which will, in particular, contain an estimate of supposed execution of the consolidated budget for 1996, a quarter-by-quarter distribution of revenues and expenditures of the federal budget for 1997, proposals on the strength of the Russian Armed Forces and basing of concrete norms of budget financing for each federal executive power body to which the Russian Armed Forces are subordinated.

In line with the new decree the Central Bank of Russia must present a draft of basic trends of a single state fiscal policy for 1997 having coordinated it with the president and the government.

The State Duma Budget Committee is responsible for the draft federal decree On Federal Budget for 1997.

Russia: Lebed Hears Leading Economists' Recommendations

MM1007180896 Moscow IZVESTIYA in Russian 11 Jul 96 p 2

[Report by Dmitriy Dokuchayev: "Lebed Examining Options for 'Kick-Starting' the Economy"]

[FBIS Translated Text] After "generating heat" in the Defense Ministry, the special services, and the Chechen salient, and combating Moscow crime, Aleksandr Lebed has gotten around to the problem of economic security.

This is a very intricate subject requiring specialist knowledge and a mastery of specialist tools that do not really lend themselves to simple commands on the lines of "if you fall, you bounce back" ["upal, otzhalsya" — a saying associated with Lebed]. Therefore the Security Council secretary started tackling the problem by holding a meeting with economic scientists.

In the evening of 9 July, a relatively small group of rectors of the capital's economic vuzes [higher educational establishments], professors, and representatives of regional administrations (only about 30 people in all) gathered at the Plekhanov Economics Academy. In their speeches Sergey Yegorov, president of the Association of Russian Banks, Vladimir Vinogradov, president of "Inkombank," and Vladimir Groshev, rector of the Academy of Management and the Market, touched on financial, social, informational, and educational aspects of the country's economic security. The discussion was of both tactical tasks (implementation of the budget, prevention of a banking crisis) and strategic tasks in connection with Russia's gaining its place in a changing world.

One of the main ideas put forward in the debate was the need to break the vicious circle: tax pressure — restricted money supply — decline in production — budget deficit. One possible way is to switch from a policy of financial stabilization to a policy of economic growth. "Economic growth" is not a propaganda term. It is the name for a specific and, in present conditions, very risky policy involving printing money, "kick-starting" the investments market, and reducing bank rates.

During the two hours of discussion General Lebed listened more than he talked. Which, incidentally, pleased those present. And they also liked the understanding that the general displayed, in his brief interjections, of the fact that the confidence won in the elections is a very short-term loan. The voters must be "repaid" in literally the next few months. And that, in turn, is impossible without resolute steps in the economic sphere. Whether these steps will be connected with the recommendations Lebed heard from the scientists at the Plekhanov Academy will become clear quite soon. Incidentally, it is possible that one of the purposes of Lebed's visit was the desire to renew or even form from scratch his own economic staff.

Russia: Bank Chairman Optimistic on Economic Development Prospects

MM1007120096 Moscow ROSSIYSKAYA GAZETA in Russian 9 Jul 96 p 1

[PRAYM report under the "Yesterday, Today, Tomorrow" rubric: "Progress Is Predetermined"]

[FBIS Translated Text] The chief result of the election is the fact that economic policy for the next four years has become "far more predictable," Sergey Dubinin, chairman of the Central Bank of Russia, has declared.

He pointed out in an interview for the PRAYM Agency that "many economic agents, banks, and citizens will reassess their forecasts in the direction of greater optimism" concerning the prospects for developing the Russian economy, since progress is predetermined for the next four years.

Russia: Government To Impose Restrictions on State Bond Market

MK1007141296 Moscow SEGODNYA in Russian 9 Jul 96 p 7

[Report by Andrey Grigoryev: "Viktor Chernomyrdin Is Ready To Protect State Bonds From a Budget Crisis. The Finance Ministry Has Been Given Carte Blanche To Normalize the GKO-OFZ Market"]

[FBIS Translated Text] The statement, made by Viktor Chernomyrdin late last week, saying that the government will impose some restrictions on borrowing on the domestic market, has caused bewilderment among officials, bankers, and observers. The prime minister promised to sign a Finance Ministry directive that will impose restrictions on the attraction of funds to the budget through the sale of state bonds.

At first glance this hardly seems feasible. Of late, the Finance Ministry has been largely refinancing the state debt. That is, the Finance Ministry has just been meeting its previous obligations by floating new issues of bonds that increasingly grow in value; it has not been transferring any considerable amounts of money to the budget. Moreover, the preelection financial crisis had an appreciable impact on the market for state borrowing. The profitability of state bonds grew to outrageously high levels (200-250 percent a year). Despite the rapid fall in this index — promptly after the first round of the election — the huge amount of paper that was sold at a low price posed a very great problem for the Finance Ministry. To impose any more-or-less significant restrictions on the borrowing in the financial market, there should be money in the budget. If the government wishes to reduce the size of the market, for instance, by one-third, almost 50 trillion rubles need to be found and returned to bond holders.

Anyone who has at least some idea about the situation in the budgetary sphere understands that the government cannot allow itself such a luxury. At issue now is the curtailment of some expense items for lack of funds. Finance Minister Vladimir Panskov said yesterday that this week the government is to consider a package of measures to improve tax collection. Judging by the list of them, this will bring no significant results. In particular, the Finance Ministry envisions such measures as the restriction of cash flow (for their economic needs enterprises will be authorized to receive monthly an amount not to exceed half of their authorized paid capital) the banning of budget defaulters from having more than one clearing account, as well as others. As is known, all of this leads to a rise in the costs of tax evasion, but not to any replenishment of the treasury.

Interestingly, as recently as yesterday morning, Sergey Aleksashenko, first deputy chairman of the Central Bank — who deals, among other things, with the state debt and relations with the Finance Ministry — knew nothing about the essence of the document that the premier promised to endorse. This notwithstanding, Mr. Aleksashenko spoke very skeptically about the prospects of restricting borrowing on the domestic market.

Bella Zlatkis, head of the Finance Ministry's Securities and Shares Market Department, clarified the situation. She said that the directive that was mentioned by the premier had been prepared in great haste and that there had simply been no time for any interagency coordination.

According to Ms. Zlatkis, the essence of the document boils down to the fact that the government commits itself not to use the market of state bonds to solve short-term budget problems. This tactic has caused serious problems in the first half of the year. It is sufficient to recall that the plans for the temporary restructuring of the state debt, declared by the Finance Ministry in January-February, were brought to naught. It should be noted that the cost of issued bonds has grown from 75.5 trillion rubles (as of 9 January 1996) to 159.4 trillion rubles (as of 28 June 1996); i.e., more than by a factor of two. Incidentally, according to Ms. Zlatkis, the total net proceeds from the sale of state bonds since the beginning of the year have already amounted to 31 trillion rubles.

The directive that is to be signed by the prime minister contains predominantly qualitative restrictions. The Finance Ministry will borrow money on the market in amounts that will not distort macroeconomic ratios. "We will seek to attain a reliable market and an equitable profitability," Bella Zlatkis summed up.

This notwithstanding, in accordance with the document, the total rise in internal debt can be limited to 20 trillion rubles. This means that by 31 December the nominal value of all state bonds should not exceed 180 trillion rubles.

National Affairs

Ukraine: Miners Continue Blockade of Roads in Donetsk

LD1007122596 Kiev UNIAN in Ukrainian
1055 GMT 10 Jul 96

[FBIS Translated Text] Donetsk [no date as received] — Miners are continuing to block traffic in Donetsk and highways leading to the city. A UNIAN correspondent reports that miners' cordons will stay until 1400 on 10 July.

A conference of representatives of all Donetsk mines, to be attended by the city's Mayor Volodymyr Shcherban, and representatives of the Donetsk region state administration, is scheduled for 1600 today to take a decision on the miners' further actions.

Mykhaylo Krylov, a co-chairman of the Donetsk city workers' strike committee, has told UNIAN that yesterday's meeting between strike representatives and the state's top leadership in Kiev produced a "zero" result.

Ukraine: Kuchma Instructs Lazarenko To Visit Donetsk 'Urgently'

LD1007133196 Moscow INTERFAX in English
1304 GMT 10 Jul 96

[FBIS Transcribed Text] Kiev, July 10 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma has instructed Acting Prime Minister Pavlo Lazarenko to fly to Donetsk region urgently for a detailed study of the situation and taking radical measures to help resolve the wage backlog problem and the crisis in that industry.

As IF-U has been told by presidential press-secretary Dmytro Markov, President Kuchma has addressed a request to US President Bill Clinton, German Federal Chancellor Helmut Kohl and leaders of international financial organizations that they urgently grant credits on easy terms to be channelled to improving the situation in the coal industry, including repaying the wage backlog.

According to D. Markov, the Ukrainian President disclosed that in the course of the meeting with the delegation of Donetsk region Mayors which was held in Kiev late last night.

President Kuchma has also instructed the leading officials of the Ukrainian Pensions Fund to turn to the National bank of Ukraine and the Cabinet of Ministers for permission to get appropriate loans to repay the delayed pensions.

At the same time, L. Kuchma stressed that it impossible in the present-day conditions to resolve those problems through emission.

The meeting with the President was also attended by Coal Industry Minister Serhiy Polyakov and First Vice-Chairman of the National Bank Board Volodymyr Stelmakh.

Ukraine: Lazarenko on Mining Industry Problems

LD1007140696 Moscow INTERFAX in English
1305 GMT 10 Jul 96

[FBIS Transcribed Text] Kyiv, July 10 (Interfax - Ukraine) — Acting Ukrainian Prime Minister believes that the problems of the mining industry shall be resolved proceeding from a specific analysis of the situation in each mine.

In the first place, "it is necessary to look into the situation with the non-payment for coal shipped to commercial companies," Pavlo Lazarenko said, answering on Wednesday questions of deputies of Verkhovna Rada of Ukraine in the course of the debate on his appointment as Prime Minister.

He disclosed that at work in Donetsk region currently is a government commission led by Acting First Vice-Premier Vasyl Durdynets. The commission is to give an answer to all the questions of the miners, Lazarenko said.

He also disclosed his intention to visit Donetsk region next week. "I will do my best to settle the problems in place," Pavlo Lazarenko said.

Ukraine: Lazarenko Briefs Supreme Council on Grain Harvest

LD1007142696 Kiev UNIAN in Ukrainian
1055 GMT 10 Jul 96

[FBIS Translated Text] Kiev — A drought had a negative impact on this year's harvest throughout Ukraine, the situation being particularly difficult in Kherson, Zaporozhye, Kirovograd, Nikolayev, and Odessa Regions and in the Dnieper area, Ukrainian Prime Minister Pavlo Lazarenko said in a report to the Supreme Council of Ukraine on 10 July.

The prime minister said the grain yield was expected to be within 30 million tonnes, which would be less than last year [1995]. He said the government would fulfil the state order for the purchase of 5m tonnes of grain. Lazarenko said 72,000 billion karbovantsi, or 60 percent. of the advance had been paid to agricultural producers by 5 July. The prime minister said payments for grain will be settled in full not later than 1 December this year [1996]. He also recalled that the government had placed an order for the purchase of additional 800,000 tonnes of grain that is not used for bread baking, for the needs of state distilleries.

Lazarenko said 2.5 million tonnes of grain would be procured through regional state orders.

Ukraine: Lazarenko: Agriculture Needs 'Substantial State Support'

LD1107062296 Moscow ITAR-TASS in English 0607 GMT 11 Jul 96

[FBIS Transcribed Text] KIEV, July 11 (Itar-Tass) — The agricultural sector of the Ukrainian economy needs a substantial state support. The government will pursue a priority policy towards this sector, said on Wednesday new Ukrainian Prime Minister Pavlo Lazarenko addressing the Ukrainian parliament.

"We remain a raw material agricultural appendage up to this time," he stated with regret, "and witness economic paradoxes when the food industry is aimed not at the needs of the food market but at serving the commodity industry.

"Under such circumstances, we drastically destroy our domestic market and agricultural production as a whole."

The government has determined its policy and role in tackling important problems in the countryside.

"Firstly, this is an agricultural reform, the basic principles which are recorded in the new Constitution.

"Secondly, we shall resolutely support those forms of economic management which ensure the greatest economic effect, including collective agricultural enterprises, hundreds of which challenge world standards.

"Thirdly, only the end result and only the quantity of produce should determine the government's attitude to new forms: individual farming and other forms of agricultural husbandry.

"We unequivocally support those who are now real masters on land," the premier stressed.

Ukraine: ITAR-TASS Profiles Prime Minister Lazarenko

LD1007131896 Moscow ITAR-TASS in English 0946 GMT 10 Jul 96

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV July 10 (Itar-Tass) — The Ukrainian parliament voted on Wednesday to approve Pavel Lazarenko as the Prime minister. Lazarenko was named for the post by President Leonid Kuchma.

Lazarenko, born in 1953, resigned with the whole of the government last week after the new Ukrainian constitution was adopted. He was instructed by Kuchma to continue fulfilling his duties until a new government was formed.

In Ukraine the premier is named by the President and approved by parliament after which he forms the government.

The government has two months to submit the programme of its activities to parliament.

Lazarenko is expected to do that in September.

After his approval as the premier, Lazarenko resigned as a Ukrainian lawmaker.

Lazarenko is a Master of Agricultural sciences and used to work as first deputy chairman of the executive authority of the Dnepropetrovsk region of Ukraine.

From 1992 he was the presidential representative in the region and in 1994 was elected to the Ukrainian parliament.

In 1995 he headed the Dnepropetrovsk regional administration and in September became first deputy premier of the country.

In 1996 Lazarenko was appointed the prime minister.

He is married with three children.

Ukraine: Communists Will Not Oppose Lazarenko as Prime Minister

LD1007133596 Moscow INTERFAX in English 1303 GMT 10 Jul 96

[FBIS Transcribed Text] Kyiv, July 10 (Interfax - Ukraine) — The parliamentary faction "Communists for social justice and power of the people" "will not object" against Pavlo Lazarenko's nomination — as proposed by the President — for the office of Prime Minister. A statement to this effect was made by communist faction leader Petro Symonenko during his meeting on Tuesday with Acting Premier P. Lazarenko.

P. Lazarenko answered questions from the communist deputies. Thus, in particular, he informed them about the government's intention to resolve the problems connected with budgetary revenues and implementation of economic and social programs.

According to him, it is for the first time in recent years that the budget for 1997 envisages subsidies for stock-rearing and poultry farming, a cut in taxes on farmers, and other measures in support of the agri-industrial complex.

The Acting Prime Minister also disclosed that it is planned to reduce the number of ministries and departments along with the current cut by 10.2 thousand men of personnel of the central staff of the Cabinet.

According to Pavlo Lazarenko, the measures announced by the government for the regulation by the state of the production of spirits and alcoholic drinks will also be applied to the production and sale of articles of tobacco, wine and beer.

He also noted that the government intends "to stick to the schedule of phased repayment of the backlog of wages, salaries, pensions and other social benefits."

The communist faction incorporates 87 MPs.

Ukraine: Moroz: Parliament To Review Foreign Policy by End of Year

LD1007154696 Kiev UNIAN in Ukrainian
0900 GMT 10 Jul 96

[FBIS Translated Text] Kiev [no date as received] — By the end of this year, the Supreme Council will probably review the main trends of Ukraine's foreign policy. Ukrainian Supreme Council Chairman Oleksandr Moroz said this at Borispol airport on his return from the OSCE [Organization for Security and Cooperation in Europe] Parliamentary Assembly, which took place in Stockholm. According to the new constitution, it is the parliament's prerogative to approve the main foreign policy areas. Moroz stressed that the current session of the OSCE Parliamentary Assembly, which discussed the European security model for the 21st century, testified once again to the fact that there was a need to review this concept.

Moroz stressed that the Supreme Council, the president, and the Cabinet of Ministers should draw up a concept of joint actions in international affairs because the authorities "lacked unity of action in international affairs as regards defending Ukraine's interests." He stressed that it was necessary to define "Ukraine's dangers abroad then change or approve the direction of the country's foreign policy." In his words, if Ukraine approves a neutral status for the country "this neutrality ought to be active."

Ukraine: Shmarov Dismissal Will Not Change Military Policy

LD1007171296 Moscow INTERFAX in English
1631 GMT 10 Jul 96

[From the "Presidential Bulletin" feature: No 130 (1123)]

[FBIS Transcribed Text] Vladimir Gorbulin, secretary of the National Security Council reporting to the Ukrainian president, told journalists that former Defense Minister Valeriy Shmarov's mistake had been to want to head a defense agency while he was a civilian.

Shmarov could not reform the Ukrainian armed force properly or divide the functions between the General Staff and the Defense Ministry, Gorbulin said. Furthermore, the Defense Ministry used to delay the implementation of numerous National Security Council's decisions. These were among the reasons why Shmarov was dismissed by Kuchma on July 8.

The replacement of the defense minister "will not change the Ukrainian military policy," especially as far as talks with Russia on the Black Sea Fleet and relations with the U.S. and NATO are concerned, Gorbulin said.

Shmarov had established very good contacts with U.S. Secretary of Defense William Perry, the NATO leadership and former Russian Defense Minister Pavel Grachev, Gorbulin admitted.

"I am awaiting Perry's reaction," he said.

Asked by Interfax if the Ukrainian Navy command will be replaced, Gorbulin said that a decision on this will be made following the study of the findings of a commission which examined the activities of the naval command. He admitted that numerous flaws had been found.

The reform of the territorial structure of the Ukrainian Armed Forces, drafted by Shmarov and endorsed by the National Security Council, may still go ahead, Gorbulin said. An experiment is underway in the Northern Army Group. The findings of the experiment will suggest whether the reform will be carried out.

IF Note: The Defense Ministry collegium had drafted a document, endorsed by the National Security Council, which provided for a division of military districts into army groups.

Ukraine: Bizhan, Lopata, Kostenko Possible Successors to Shmarov

MK1007133396 Moscow KOMMERSANT-DAILY in Russian 10 Jul 96 p 4

[Report by Viktor Zamyatin: "Everything Will Be As It Has Been, Only Tougher"]

[FBIS Translated Text] Ukrainian Defense Minister Valeriy Shmarov tendered his resignation. Leonid Kuchma accepted it. Over the past weekend, following adoption of a new constitution, Kuchma dismissed Premier Pavlo Lazarenko and the cabinet en masse. Yet the old government was entrusted to carry on until a new one was formed. Therefore Shmarov's resignation is an extraordinary development.

In Kiev, Shmarov has a firm reputation as one of the most unpopular but unsinkable ministers. Starting as the director of a defense enterprise back under Leonid Kravchuk, Shmarov rose to be deputy premier in charge of the military-industrial complex, receiving, under Kuchma, in October 1994, the double portfolio of deputy premier and defense minister. Subsequently, he had to abandon the deputy premiership, but Shmarov was still closely connected with the military-industrial complex. Other landmarks in Shmarov's political career were his participation in drafting a trilateral nuclear disarmament treaty between the presidents of Ukraine, Russia, and the United States, as well as Ukraine's consent to cooperate within the CIS unified air defense system.

Shmarov was less lucky with purely military matters. He is not popular either among the generals or among the officers. It was not without the minister's involvement that Anatoliy Lopata, the chief of the General Staff who was quite popular with the troops, had to resign over his criticism of Shmarov's military reform concept. According to the Ukrainian Center for Economic and Political Studies, the Ukrainian Armed Forces would be better served by a military, not a civilian minister, if only because of the need to pursue successful military reform. Talk of the minister's possible resignation has continued for a long time. It is not ruled out that the last straw was the rumor, which reached Kuchma, of a recent "informal conference" by representatives of all armed branches that decided to press for the resignation of Shmarov and the entire Defense Ministry Collegium. The officer corps even proposed staging a protest action in mid-July in the Kiev and a number of other garrisons. Furthermore, the recent conclusion by the Ukrainian Center for Economic and Political Studies on the failure of military reform and the total incapacity of the Ukrainian Armed Forces also worked against Shmarov. It is not yet clear who Shmarov's successor will be, although the names of former First Deputy Minister Ivan Bizhan, former Chief of the General Staff Anatoliy Lopata, and even Ecology Minister Yuriy Kostenko are occasionally cited. It is clear, however, that Ukraine will maintain a tough position at the negotiations on Sevastopol; will seek friendship with the United States and NATO — trying not to offend Russia — and is unlikely to openly abandon its neutrality and its nonbloc status.

Ukraine: Crimean Parliament Urges Yeltsin To Promote Integration

LD0907093196 Kiev Radio Ukraine World Service in Ukrainian 0700 GMT 9 Jul 96

[FBIS Translated Text] The Crimean Supreme Council presidium has sent a telegram to Russian President Boris Yeltsin congratulating him on his reelection. The Crimean parliament's presidium is confident that the Russian president will bring economic reforms to successful completion and ensure well-being for all Russians, as well as stability in social life. The presidium also expressed hope that Yeltsin will contribute every effort to the further integration of CIS nations and the development of closer ties between the fraternal peoples of Russia and Ukraine.

Ukraine: Crimea MP's Protest Ukraine Constitution, Urge Referendum

MK0907121496 Moscow NEZAVISIMAYA GAZETA in Russian 6 Jul 96 p 3

[NEGA report]

[FBIS Translated Text] Yesterday, the "Respublika" deputy group of the Crimean parliament issued a statement saying that the just-passed Constitution of Ukraine "completely ignores the interests of the majority of Crimeans; in accordance with its provisions, people of different nationalities have been automatically lumped together as the Ukrainian people, the Russian language has no legal status, and the powers of the Republic of Crimea have been reduced to a minimum."

Assessing this wording of Ukraine's Fundamental Law as one that discredits Ukraine's legislative authority, "Respublika" regards as inadmissible "attempts by officials of the Republic of Crimea to bill the passage of the Constitution of Ukraine as a great achievement with regard to Crimea's statehood."

Representatives of "Respublika" note the reluctance of the majority of Crimea's Supreme Council deputies to appraise the political and legal situation in Ukraine and are demanding the holding of a Crimea-wide referendum on the main provisions of the constitutions of Ukraine and Crimea. In the view of Vladimir Zaskoka, "Respublika" deputy group representative, such a referendum "will most likely take place before the end of this year."

Economic Issues

Ukraine: Lazarenko on Creation of Favorable Investment Climate

LD1007150496 Kiev UNIAN in Ukrainian 1055 GMT 10 Jul 96

[FBIS Translated Text] Kiev — The creation of a favorable investment climate will be a priority trend in the government's activities, Ukrainian Prime Minister Pavlo Lazarenko has said in a speech in parliament.

He said the volume of investments in the Ukrainian economy per capita of the population, as of 1 April, amounted to $15 — the lowest index in eastern Europe. Lazarenko said the government's fundamental task is "to restrict the process of setting up offshore companies by Ukrainian businesses and of transferring Ukrainian capital from the country without proper economic substantiation."

Lazarenko said the process of determining sources of investment and working out economic procedures for their attraction, distribution, and return of funds is an important component of the creation of a favorable investment climate. He said the introduction of a guaranteed state system [as received] would help attract currency and the population's savings.

Ukraine: Lazarenko on Reducing Wage Delay Period

LD1007134796 Kiev UNIAN in Ukrainian 1055 GMT 10 Jul 96

[FBIS Translated Text] Kiev — The first positive step toward reducing the wage debt has been made, Ukrainian Prime Minister Pavlo Lazarenko has said in a report to the Supreme Council of Ukraine. He stated that, despite the complicated economic situation, there exists a possibility of "reducing the wage delay period to 45 days" in July "and reaching the wage delay period of not more than 30 days by the end of August."

Ukraine: Lazarenko's Meeting With Metallurgists Detailed

WS1007121396 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 25 Jun 96 p 3

[Report by an unidentified VSEUKRAINSKIYE VEDOMOSTI correspondent: "'There Will Be No Free Distribution of Electricity,' Categorically Stated the Prime Minister During His Meeting with Metallurgists in Zaporizhyzya"]

[FBIS Translated Text] As has already been reported, Ukrainian Prime Minister Pavlo Lazarenko held a conference in Zaporizhzhya with the leadership of the ore mining and metallurgical complex and managers of major enterprises of the sector. The conference was prompted by the urgent need to verify the government's first steps in deepening economic reform proclaimed by Ukrainian President Leonid Kuchma with the actual situation of enterprises, and to listen to producers' opinions.

The same type of conferences were earlier held with coal miners of the Donbass region. This, as we know, gave an opportunity to undertake urgent measures to improve the miners' situation, as well as to sort out their relations with the government — whose activities had been deemed the main reason for the miner's dramatic situation. Persuasive evidence of embezzlements which was disclosed by governmental commissions in Donetsk and Lugansk Oblasts uncovered many "real culprits" who had misused budget funds allocated for the payment of miners' wages.

Unlike the coal industry, which is subsidized by the state, metallurgy — which does not receive major budgetary outlays — provides Ukraine's largest hard currency revenues. At the same time, it greatly suffers from imperfect legislation, ill-considered decisions, and the impotence of many managers in the new market economic conditions. According to Pavlo Lazarenko, the main goal of the conference in Zaporizhzhya was to jointly determine the limit which the government must not overstep when accelerating reform of this basic sector.

From the very beginning, the participants in the conference touched upon the most sensitive issues. During preparations for the conference, the prime minister analyzed production indicators of virtually all ore mining and metallurgical plants, just as he had done prior to his meeting with coal miners. Based on this kind of analysis, the government has prepared a package of resolutions which should create favorable conditions for domestic producers, for those who know how to work and want to work, those who rely on their own potential and entrepreneurship rather than the budget. What is the metallurgists' opinion about those plans?

First, measures should be undertaken to improve the financial indicators of metallurgical and ore mining enterprises. Barter helped metallurgists survive in the difficult conditions of nonpayments and to keep the unique permanent cycle technologies. However, this stone age method of market exchange hampers development and brings no revenues into the state budget. The Ukrainian Government plans to significantly reduce the volume of barter deals, cutting them by 15-20 percent every quarter and thus forcing the sector to function in line with contemporary market rules. Most metallurgical enterprises are ready for this, which was confirmed by producers.

Payments for power supplies constitute another complex problem. Enterprises of the metallurgical sector alone have accumulated a debt of around 30 trillion karbovantsi. Therefore, they suffer huge losses caused by frequent cutoffs of electric power. Moreover, mostly those enterprises suffer which accurately pay for power consumed. Therefore, metallurgists positively assessed the planned decision in line with which payments for electric power will be executed on a contractual basis, without determined quotas [of electric power] in accordance with specific contracts signed with the Ministry of Energy. All this will prevent the indiscriminate "equalizing" of enterprises. The prime minister categorically stated: "There will be no free distribution of electric power."

It was also important for the head of government to hear producers' opinions about the consequences of the introduction of custom restrictions on exports of metallurgical scrap. Within the first five months of 1996 alone, smart dealers who took advantage of loopholes in the legislation managed to ship abroad $18 million worth of this important raw material. Meanwhile, Ukrainian metallurgists have no scrap to load into their smelting furnaces. The government's decision to bring up prices for nonferrous scrap metal put an end to this mismanagement.

The participants in the conference also discussed prospects for privatizing metallurgical enterprises in such a manner as to avoid the sad experience of Russia, where this process inflicted irreparable damage to many large well-known companies. State Property Fund Chairman Yuriy Yekhanurov presented a detailed list of suggested privatization methods in the sector. Privatization will be linked to specific investment projects. The participants in the conference also discussed the toughening of control over managing the state portion of privatized companies' property, as well as over banks.

In a concluding speech, Pavlo Lazarenko presented the government's plans to deepen reform, increase budget revenues, cancel unjustified benefits, and eliminate other sources of squandering state funds.

To implement these plans, the state needs political stability, which can only be guaranteed by the adoption of the Constitution. The leaders of ore mining and metallurgical companies agreed with this opinion.

Belarus

Belarus: Lukashenka Sees 'Four Calm Years' in Relations With Russia

LD1007171896 Moscow INTERFAX in English
1626 GMT 10 Jul 96

[FBIS Transcribed Text] MINSK, July 10 (Interfax-West) - Boris Yeltsin's re-election as Russian president gives Russian-Belarusian relations four calm years, Belarusian President Alyaksandr Lukashenka told Russian Duma Chairman Gennadi Seleznev in Minsk Wednesday.

Much should be done in the area of integration in the four years ahead, Lukashenka said.

"The time has come to shift from declarations, projects and protocols of intentions to specific action on the implementation of our ideas," he stated.

The Belarusian position on the need for a further rapprochement of the two nations is supported in Moscow, Lukashenka said.

"A concrete economic basis" is needed now to promote the integration, Lukashenka said. He stressed the role of the two countries' parliaments in forming such a basis.

Belarus: Russian Speaker Arrives, Views Aims, Agenda of Visit

WS1007134996 Minsk Radio Minsk Network
in Belarusian 1200 GMT 10 Jul 96

[FBIS Translated Text] An official visit to Belarus by a delegation of the Russian Federation State Duma begins today. Our special correspondent Volha Yushkevich reports from the Minsk 2 airport.

[Begin recording] [Yushkevich] A plane with the Russian delegation aboard landed today at the Minsk 2 airport. On the Belarusian's part, the Russian parliamentarians were met by Supreme Soviet Deputy Speaker Henadz Karpenka. After an official ceremony, Mr. Seleznev kindly spoke to journalists about the aim of his visit.

[Seleznev, in Russian] This is, in fact, the first official visit by a Russian State Duma delegation, although we have a feeling that this is by far not the first meeting with Belarusian people's deputies. Due to our parliamentary contacts, you know that we have already established a parliamentary group. Recently we met in Smolensk. However, today we are paying an official visit at the end of our session, which will end its plenary session on 19 July. We have decided to definitely visit Belarus at the end of the session, since we have wanted to do this for a long time. We are not planing to sign any agreements. We have plans to meet the Belarusian president and your parliamentarians. My speech at the Belarusian Supreme Soviet has been planned for tomorrow. There will be meetings with your prime minister and the foreign affairs minister. We will discuss together with the Belarusian people's deputies how we, as legislators, can secure the normal functioning of the executive authorities. We will have to implement many existing laws. The Belarusians and the Russians are not foreigners any longer, although there is a still a need to create a proper legal groundwork for this.

[Yushkevich] An hour ago the Russian parliamentarian delegation led by State Duma Chairman Gennadiy Seleznev laid flowers at the Victory Square monument. Gennadiy Seleznev's meeting with Belarusian President Alyaksandr Lukashenka is to begin in one hour.

Belarus: Speaker Sharetski on Situation, Future Course

WS1007121496 Minsk ZVYAZDA in Belarusian
2 Jul 96 p 3

[Interview with Belarusian Supreme Soviet Chairman Syamyon Sharetski by Tatstsyana Padalyak; place and date not given: "When I Am Convinced About Something, I Am Ready To Stand on a Red-Hot Frying Pan To Uphold It"]

[FBIS Translated Excerpt] [Passage omitted] [Padalyak] Your recent report at the Supreme Soviet session had a reverberating effect. Some people say that your intention was to advertise yourself, others claim that you were bought off by American capitalists.... The chief editor of SOVETSKAYA BELARUS contends that "Sharetski did not say anything new, trying instead to 'blow away' deputy Nistsyuk" who "energetically collected signatures demanding that Sharetski be fired from his post." He also said that your statement was influenced by the "sweet air of American political life..."

[Sharetski] I do not know what kind of air infected [SOVETSKAYA BELARUS chief editor] Pavel Yakubovich.... In my report, I said that I had made conclusions about out state's political system, economy, culture, and its future state not in America or someplace else, but in the library of the Highest Party School. Back at that time, I realized that the society which we call socialist was the totalitarian, not democratic, socialism. That socialism suppressed the individual, banned private enterprise, gave no freedom for expressing its opinion, trying instead to equalize everyone. Yes, it eliminated all the flaws of early capitalism, but it gave birth to new negative factors.

I openly expressed my convictions during Soviet times, in 1990, at an expanded VASKhNIL [All-Union Agricultural Science Academy] Presidium meeting. After that, I was taken several times to the Politburo to have "lessons."

[Padalyak] They say you were even called a dissident in those times.

[Sharetski] Well, not a dissident, but.... By the way, at that time I met with Yegor Stroyev, who was in charge of agriculture. After a two-hour conversation, my article (with his support) was published by the SELSKAYA ZHIZN daily and ZNAMYA YUNOSTI — where Galina Ayzenshtat worked. She also helped me.

[Padalyak] Still, how do you explain such a vehement and mixed assessment of your report?

[Sharetski] People are down, and the difficult life fell as a heavy burden on them. Unfortunately, poor life breeds a poor mentality. Many people lost their faith in good things. When they heard a little different (in their opinion) approach to the social development concept, they woke up. I repeatedly told the president that we need to work out a general policy. When we agree on that, it would be good if the president himself voiced it. We have become accustomed to the fact that the head of state speaks and the rest put his words into practice. By the way, we inherited this type of behavior from totalitarian society.

[Padalyak] What are the relations between the parliamentary head and the president?

[Sharetski] Very business-like.

[Padalyak] Did you present your concepts in private conversations with the president?

[Sharetski] We never spoke about the development of society in detail or in specific terms.

[Padalyak] Actors in Eldar Ryazanov's film sing: "We do not plow, sow, or build; we are just proud of our social system...." How would you describe the Belarusian social system?

[Sharetski] We have no social system.

[Padalyak] Is it possible?

[Sharetski] We discarded one [system] and failed to build another. So far, we are marking time. We are trying to "keep afloat," but refrain from sailing in a specific direction. Nor are we sinking, but while floundering in one place, we are losing our strength. We need to sail and, above all, determine a direction in which to sail.

[Padalyak] So, where should we sail?

[Sharetski] I have already said that democratic socialism is the kind of society that we need. All developed countries, no matter whether or not they want to admit it, are drifting to this society. For example, when Roosevelt proclaimed his New Deal, which aimed at making the United States — plunged in grave crisis at that time — a great and rich country, many people accused him of following socialist ideas as the state was moving from the "production for profit" to resolution of social problems.

[Padalyak] Are you afraid of losing your job?

[Sharetski] No, I am not. For me, it is important to implement my idea, no matter where in the career ladder I am at a given time. When I was proposed as candidate for chairman of the Supreme Soviet, I realized that I am one of the oldest deputies and have the vast practical and theoretical experience of a state figure. After careful consideration, I decided to try to materialize my ideas with the help of deputies who possess ample work experience and educational background.

[Padalyak] What salary does a Supreme Soviet chairman receive?

[Sharetski] 3.100 million rubles.

[Padalyak] Do you have enemies? Are there more of them after you became the parliamentary speaker?

[Sharetski] I have always been guided by the following principle: It does not matter what people think about me, what matters is what I think about them. There is no one who I consider my enemy.

[Padalyak] Do you not feel sorry that there is no BNF [Belarusian Popular Front] representative in the Supreme Soviet?

[Sharetski] This is the will of people.... However, their absence in the Belarusian legislature shows that the Supreme Soviet is not entirely representative of the political spectrum of people's views. And it makes no sense to be sorry that people made a particular choice. In my opinion, BNF activists failed to be elected to parliament because of their excessive extremism.

[Padalyak] Do you think that Zyanon Paznyak has a chance of being elected as a parliamentary deputy?

[Sharetski] I do not know.... However, he did not earn more authority for himself during the Chernobyl rally. On a national day of mourning, you just cannot pay tribute to Dudayev without even praying for people who died in the Chernobyl aftermath.

[Padalyak] You speak excellent Belarusian. Why do you speak Belarusian so seldom during Supreme Soviet sessions?

[Sharetski] Most of the deputies speak Russian, so I am forced to speak Russian, too. However, I believe that all of us will soon transfer to Belarusian. This will happen as soon as the parliamentary session set for this fall. At least, the deputies received a task of learning the state language.

[Padalyak] What do you think is happening with NARODNAYA GAZETA?

[Sharetski] I consider it the height of disorder and anarchy when one branch of power starts pressuring the other one. This means the end of constructive talks and civilized discussion. All problems need to be resolved by legal means. When a law is bad, you have to change it rather than violate it....

[Padalyak] Are your telephone lines tapped?

[Sharetski] I can neither confirm or deny it because I do not have any information on this. [passage omitted]

Belarus: Hearing Held on Economic Policy; Lukashenka Statement Read

WS1107081296 Minsk BELAPAN in English 0619 GMT 11 Jul 96

[FBIS Transcribed Text] Minsk, 10 July — On July 10 the Belarusian Supreme Soviet held a parliamentary hearing about the guidelines of economic policy. As many deputies supposed, President Alyaksandr Lukashenka did not arrive for the hearing. At the request of MP Viktar Hanchar to be informed of the reasons for that Supreme Soviet Chairman Syamyon Sharetski read out an official answer by Alyaksandr Lukashenka to the Supreme Soviet Presidium's invitation. The President insisted that according to the Constitution, he was obliged to deliver such reports to Parliament only once a year. In 1996 the Chief of State has already made a report on this subject in the Oval Hall. Secondly, the President may inform the Supreme Soviet of the implementation of home and foreign policies on his own initiative or at the invitation of Parliament, but by no means that of the Presidium which does not have such authority. Thirdly, Alyaksandr Lukashenka holds that "now the top priority is not discussions at various levels about carrying out economic reform, but daily hard work for the fulfillment of the decisions that have already been made in this field." He added that the executive power is doing this work.

Then a report was made by the chairman of the parliamentary Committee on Economic Policy and Reform, Vasil Shlyndzikaw. He defined the present situation in the country as an "extremely deep economic crisis." According to him, all reserves for the existence of the ineffective economy have already been exhausted, and at present its collapse is to be observed. The artificial maintenance of the ruble's exchange rate has hastened this process. In addition, according to Mr. Shlyndzikaw, the government's economic policy, especially that in the financial sphere, leads to the loss of markets and to exporters' bankruptcy. The outflow of capital is estimated in a range from $50 to 70 million a year. About $2 billion are in the hands of the population and do not work for the economy. Over the first five months of this year the number of loss-making enterprises increased by 80 percent and made up 31 percent of the total number. In industry and construction this figure is even higher. The number of loss-making enterprises here increased by 130 and 310 percent respectively.

In Mr. Shlyndzikaw's opinion, Belarusian industry will not become competitive until the production means and technologies are changed. According to the Ministry of Economy during the next five years $50 billion should be invested in the updating of production. Over the five months of this year state budget incomes accounted for 67 percent of the planned figure. During this period the number of the unemployed amounted to 3.7 percent of the economically active population. In this regard one may conclude that the country is on the threshold of social disturbances. Mr. Shlyndzikaw holds that the economy may be lifted out of crisis levels in two stages. During the first stage a favorable investment climate for both national and foreign investors is to be created in the country. During the second the production funds are to be updated and a economic growth is to be attained. This will take from one to three years. According to Mr. Shlyndzikaw, the overcoming of the crisis is based on the understanding of the fact that there is no alternative to a market economy. "In order to stop movement towards the world of poorly developed countries, our end should be not only transition to a market economy but also to a competitive market economy," Mr. Shlyndzikaw stressed. He added that "market-oriented socialism" is unacceptable for Belarus.

Belarus: Finance Minister Views Payment Crisis

WS1107110096 Minsk RESPUBLIKA in Russian 29 Jun 96 p 2

[Article by Belarusian Finance Minister Pavel Dzik: "You Can Only Spend What You Earned"]

[FBIS Translated Text] **The situation of the state budget both in 1995 and during the five months in 1996 testifies to the fact that the economy continues to suffer from crisis processes. Administrative-monetary methods have allowed us to reach certain positive results in slowing the inflation rate, producing a relative stability of the exchange rate of the Belarusian**

ruble, and reducing the decrease of production in individual branches. However, they have not enabled us to tackle target tasks in the socioeconomic development of the country which were envisioned in the macroeconomic indicators for 1995 and 1996.

In connection with this, I would like to explain the position of the Finance Ministry in issues of tax and budget policy. The state budget is the main financial plan which accumulates and distributes the bulk of financial resources of the state, as well as plays the paramount role in regulating the economy.

This can be achieved through a budgetary distribution of the national income while taking into account that funds allotted for envisioned tasks cannot be reimbursed. However, the fact that the budget spendings cannot be reimbursed does not imply that they cannot pay back, in the sense of an economic or social return, presently or in the future. While forming the income part of the budget, as well as while planning spendings, we are primarily guided by the principle of efficiency, which envisions the productivity of expenditures.

In both the past and current years, the keynote of the budget policy is to ensure a minimal budget deficit to reach the postulated macroeconomic indicators. In practice, we are able to keep the deficit within the set parameters. In 1995, it was equal to 2.8 percent, while during the five month in 1996 it amounted to 2.2 percent of the GDP, which corresponds to world experience in budget planning. This could be considered as a success if it was not for structural changes in the GDP. The industrial contribution to the GDP decreased last year, as compared to that in 1990, from 38 to 25.7 percent; the agricultural contribution from 23 to 11.3 percent; and the contribution of the construction sector from 7.8 to 5.6 percent. Simultaneously, the contribution of the nonmaterial sphere increased more that by a factor of two (from 8.4 to 17.3 percent). These changes in the branch structure of the GDP affected both the income and spending parts of the budget by reducing the possibilities of the former and increasing the funds used for consumption of the budget-subsidized sphere. Despite the forecasts, this trend persists this year as well.

Last year, the budget lacked the revenue of 4.9 trillion rubles; this year, such a sum has failed to replenish the budget during the first five months.

The initial reason for such a situation is a rapid decrease in the productivity of a majority of enterprises and the noncompetitiveness of industry in connection with the lack of integrated activities toward its restructuring. High production costs, a fall in profitability, and a decrease in the population's purchasing power have led to filling up the storehouses and "spending working capital on food." To a large extent, this has been triggered by mistaken pricing policies (sale of energy resources), the lack of a clear mechanism of curative measures, bankruptcy of enterprises that remained in a "comatose" state for a long time, and a disproportionate increase in loans that are mostly intended to secure a temporary success.

In these conditions, it is necessary to take urgent and radical measures to help the dwindling, large, ineffective enterprises; to prepare the implementation of state programs to restructure and cure enterprises; to speed up and expand the privatization of enterprises in the consumer services sector and trade; and to create a favorable investment environment, including for foreign investors.

In the current situation, as never before, it is necessary to implement a complex of reforms in the social sphere, the Armed Forces, and the health care sector. Ministries of the sociocultural sphere have been obliged to immediately elaborate complex measures to economize their budget allotments, taking into account an expansion of the sphere of paid services and a reduction in the network of budget-subsidized institutions.

Balancing the budget might be considerably advanced by the resolution of tasks intended to ensure full and timely payment of taxes, as well as to pass stimulating tax legislation and introduce an effective mechanism of customs regulation.

As before, there is the problem of unconditionally observing the legislation regarding alcohol and tobacco products, as well as motor vehicle fuel.

Thus, as of 18 June, the budget received 22.4 percent of the planned annual excise tax on liqueurs and spirits; receipts from Minsk and Brest Oblasts amounted to 33.7 and 26.3 percent respectively, while from Hrodna and Homel Oblasts — 7.1 and 12.5 percent respectively. There have been numerous cases of violations of the excise tax legislation, including the special case of the liqueur and spirits enterprise of the "Maloye Mazheykava" sovkhoz, located in the Lida rayon of Hrodna Oblast. All this is taking place with the open complicity of local authorities, the Belarusian Cooperative Union, the Ministry of Trade, the Ministry of Agricultural Products, Interior Ministry services, and the State Customs Committee. The Finance Ministry and the Chief State Tax Inspectorate are also falling short of their target. However, for the sake of objectivity, it should be said that the Finance Ministry has recently paid more attention to this problem. Along with inspections, this allowed to increase the collection of the excise tax by 21 percent in April as compared to its average monthly collection in the first quarter, while in May the collection increased by an additional 19.2 percent as compared to April. At the same time, the Ministry of Trade and the Belarusian Cooperative Union have amassed a debt of 500 billion rubles for liqueurs and spirits.

The Finance Ministry, the Chief State Tax Inspectorate, and the "Belnefteprodukt" concern must urgently resolve the problem of preparing legislative acts with regard to the collection of the excise tax on motor vehicle fuel.

The budget revenue arrears are an extremely negative phenomenon; from January to May, they increased by almost 700 billion rubles and, as of 1 June, they amounted to 2.1 trillion rubles. The tax service of the Republic has obviously fallen short of its target here: this includes weakened attention to the private sector, joint stock companies, and economic entities of middlemen and traders, which are trying in every possible way to lower their tax obligations or even to stop paying them at all. This also includes the lack of effective mutual cooperation of tax services with financial bodies, particularly in the sphere of analytical work with taxpayers [as published].

Payments to the budget would undoubtedly be encouraged by the abolishment of resolutions on the sale of commodity stocks and supplies from the State Reserve with a prolongation of payments because, as of 1 June, the debt of commodity buyers from the State Reserve amounted to almost 0.8 trillion rubles. In these conditions, it would be advisable to grant the State Reserve the right to take money from the current accounts of enterprises if they have payment arrears for received commodities and to make these payments equal in importance with those into the budget.

One should pay particular attention to the existing practice of granting budget support to enterprises through allotting budget loans. As a rule, the managers of enterprises consider these loans as nonrepayable budget subsidies and, consequently, they succeed in obtaining numerous prolongations of repayment or even the full writing off of the debt. A subsequent term for the repayment of previously prolonged debts will soon come, and it would apparently be proper, starting in July, to schedule, in coordination with enterprises, monthly repayments of the principal debt and to suspend charging and paying interest for the duration of repaying the principal debt.

It is also worth noting the performance of the financial control apparatus.

In 1995, the Finance Ministry's control and inspection apparatus conducted 3,141 inspections in ministries and departments, as well as at enterprises and organizations. As a result, the loss due to illegal spending, as well as pilferage and shortage of money, commodity stocks, and supplies amounted to 31.3 billion rubles, including 18.6 billion worth of budget assets; 10.4 billion worth of budget assets were prevented from being spent illegally; the repaid loss amounted to 19.9 billion rubles; the fines amounted to 11.5 billion rubles.

Belarusian enterprises are continuing to amass debts both on the credit and debit side of the balance sheet. In order to implement the Cabinet of Ministers' resolution No. 208 of 25 March 1996 "On Measures to Reduce Indebtedness of Institutions and Organizations of the Budget Sphere for Gas and Energy Resources," the Finance Ministry, jointly with the National Bank, have organized three sessions to settle debts of budget organizations and local budgets for gas, heat and electricity made out of gas, and other communal services.

The results of the first two sessions proved ineffective. Thus, in April, through the fault of power engineering enterprises, the settlement of debts failed completely. In May, 47 percent of the sum intended for the settlement was repaid. Holding an additional settlement session on 8 June allowed the repayment of 780 billion rubles worth of budget organizations' debts for gas and other energy resources. As a result of the whole set of settlement measures, 1.2 trillion rubles were repaid, which constitute 92 percent of the total sum submitted for the settlement.

It is noteworthy that holding settlement sessions does not essentially resolve the problem of nonpayments. Its resolution might be advanced by transforming the overdue payments on the part of debtors into securities on the financial market; this would also further the search for more reliable partners and for increased liquidity of enterprises possessing such securities.

The situation with local budget revenues deteriorated this year. In January-May, the oblast budgets and the Minsk City budget received 7.9 trillion rubles against the planned 11 trillion, or 29.3 percent of the yearly plan. Proceeding from the real revenues, the local budgets financed 29.6 percent of the planned yearly spendings. In addition, the expenditures to compensate the difference between prices and costs in the transportation sphere in Minsk amounted to 109 percent of the yearly plan.

The debt of the local budgets to budget-subsidized organizations almost doubled over the last five months, amounting by June to 3.7 trillion rubles. Particularly large debts amassed in Homel Oblast and Minsk (793 and 893 billion rubles respectively). An analysis of the financial situation of enterprises and budgets in individual, primarily agricultural regions, testifies to the fact that the only way for their existence at this stage are subsidies from budgets of higher levels. Therefore, recommendations on the part of certain bodies to sharply reduce subsidies to local budgets are unacceptable today, but this does not depreciate the importance of searching additional revenue sources to reduce the budget deficit by local authorities on their own. The Finance Ministry has prepared appropriate proposals to a concept of the formation of local budgets for 1997.

The difficult situation in the revenue sphere of the state budget has directly affected the timeliness of wage payments, particularly in budget-subsidized organizations at the local level. Some delays are observed in subsidizing expenses for dealing with the aftermath of the Chernobyl accident.

Along with this, ministries and departments, and executive committees at all levels have not taken many steps to control the spending of budget assets and to mobilize all available possibilities to replenish the state revenues. An essential improvement must be made in the work of the Industry Ministry and the Ministry of Agricultural Products oriented toward paying in good time and in full the budget assets allotted for enterprises subordinated to these ministries, as well as toward controlling the use of tax exemptions granted to them.

The Finance Ministry is adopting measures to stabilize the state financially, making every effort to resolve the current problems in forming the budget and ensuring its revenues; it systematically pays serious attention to improving the budget mechanism in the period of transition to new economic conditions. A number of amendments have been made in the current laws and normative acts connected with the budget system and budget classifications. A tax code has been prepared, as well. All these improvements conform with global practice and correspond to requirements of international financial organizations; in a majority of topics, they are also unified with the legislation of the Russian Federation.

Appropriate proposals has been submitted to the Cabinet of Ministers, and the Finance Ministry hopes that they will be favorably considered and adopted in order to improve the situation in the sphere of state financial and budgetary controls.

Moldova

Moldova: Dniester Authorities Deny Knowledge of Possible Lebed Visit

AU1107103596 Chisinau INFOTAG in English 1930 GMT 10 Jul 96

[FBIS Transcribed Text] Tiraspol, July 10 (INFOTAG) — Tiraspol has no official information about a possible visit of Aleksander Lebed, Russian Security Council Secretary, INFOTAG was told in the administration of the Dniester president.

Russian newspapers recently wrote about the intention of the ex-Commander of the Dniester-deployed Russian 14th Army, Lieutenant General Aleksander Lebed, to visit the separatist region in the framework of his programme of "struggle with Russian crime structures which have close relations with Dniester." However, Tiraspol disposes of no information concerning even approximate time of such a visit. Local officials are inclined to think he may come only after his anticipated trip to Chechnya.

The Dniester Parliament chairman Grigore Maracuta told INFOTAG, "Tiraspol welcomes Lebed's appointment as the Security Council secretary. I cannot predict how Lebed's actions may influence Dniester. We never forget that a Russian military contingent is deployed here, and relations with Russia are fairly active. But Lebed's moves cannot directly influence the region, for this is not a Russian governorate," Maracuta stressed.

Moldova: Infantry Unit Participates in PFP Maneuvers in Bulgaria

AU1007133196 Chisinau BASAPRESS in English 1930 GMT 9 Jul 96

[FBIS Transcribed Text] Chisinau 09/07/1996 (BASA-press) — A platoon of the Moldovan National Army is taking part in the military maneuvers "Cooperative Determination '96" which are held in Bulgaria as part of the "Partnership For Peace" [PFP] Program.

BASA-press learned from the Moldovan Defence Ministry that soldiers will participate in peacekeeping exercises.

The Moldovan and Turkish platoons were joined together for these exercises. The soldiers will improve their skills to convoy humanitarian shipments, evacuate refugees over obstacles and repel possible terrorist attacks.

Moldovan subunit headed by Lieutenant Major Ruslan Edrisov forms part of the National Army Armored Infantry Brigade No. 2 stationed in Chisinau.

The first time the Moldovan army participated in such military exercises was in Lviv, Ukraine, in June.

Moldova's participation in international peacekeeping exercises is stipulated in the individual plan on cooperation with the "Partnership For Peace" Program. Moldova joined it in 1994.

On June 10, a Moldovan military delegation headed by Defence Minister Pavel Creanga will travel to Bulgaria.

Kyrgyzstan

Kyrgyzstan: Akayev Hopes To Expand Economic Relations With Russia

LD1007171596 Moscow INTERFAX in English 1558 GMT 10 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Kyrgyzstan "has felt the results of economic integration of Commonwealth republics," President Askar Akayev told Russian Foreign Minister Yevgeniy Primakov, currently in Bishkek on his first official visit.

Akayev hopes economic relations of Kyrgyzstan and Russia will be further expanded after victory of Boris Yeltsin in the presidential elections.

Primakov addressed staffers of Kyrgyz-Slavic University Wednesday to say the key goal of Russian foreign policy "is integration." Russia needs integration with Commonwealth member-states to stabilize the economic situation and keep its integrity. He called against mixing up integration and restoration of the former Soviet Union.

Integration shall be based on mutual respect of sovereignty of Commonwealth member-states and centuries-long fraternal relations between peoples of the former Soviet republics.

Another important task of the Russian foreign policy is settlement of armed conflicts in Commonwealth member-states, noted Primakov.

He said Russia is interested in the soonest settlement of the inter-Tajik conflict, and unstable situation in neighboring Afghanistan "escalates tension in Tajikistan, Afghanistan and the whole Central Asia."

Russia is ready for certain compromises for the sake of settlement of conflicts and integration in the Commonwealth, but does not plan any compromises with NATO which is increasing its military presence in the Central Asia and other republics of the Commonwealth.

Kyrgyzstan: Primakov Says Moscow Successful in Mediating Tajik Talks

LD1007125996 Moscow ITAR-TASS in English 1236 GMT 10 Jul 96

[By Alisher Niyazov]

[FBIS Transcribed Text] BISHKEK, July 10 (Itar-Tass) — Tajik President Emomali Rakhmanov's consent to meet opposition leader Said Abdullo Nuri in Moscow "in the nearest future" has been a tangible success in Russia's meditating inter-Tajik talks in the Turkmen capital Ashgabat, Russian Foreign Minister Yevgeniy Primakov said in Bishkek on Tuesday.

Rakhmanov and Nuri are expected to sign a ceasefire agreement during a future meeting for the duration of peace talks, Primakov said.

"Russian diplomats in Ashgabat are doing their best to prompt participants of inter-Tajik talks into reaching a compromise," he said.

He arrived in Bishkek from Ashgabat after consultations with the chief negotiators of inter-Tajik talks.

Russia's servicemen are dying in Tajikistan, which does not enhance to the popularity of its peacekeeping mission there.

"A conciliatory committee should be set up with the participation of representatives of the Tajik government and the opposition," he said.

"This body should not function parallel with the Tajik government. It should be of consultative and coordinating character," he said.

The new body should be responsible for "the insurance of the inviolability of the Tajik-Afghan border which is being protected by Russian bodyguards," he said.

Tajikistan

Tajikistan: Opposition Leader Satisfied With Primakov Talks

LD1107085796 Moscow INTERFAX in English 0642 GMT 11 Jul 96

[From the "Diplomatic Panorama" feature: "Leader Praises Talks With Russian Minister"]

[FBIS Transcribed Text] ASHGABAT, July 10 (Interfax) — Akbar Turadzhonzoda, a leader of the Tajik opposition and head of the Tajik opposition's delegation at talks with the Tajik government, is satisfied with his Tuesday talks with Russian Foreign Minister Yevgeniy Primakov.

"I am feeling more optimistic after the talks," Turadzhonzoda told Interfax on Tuesday.

Turadzhonzoda said he had two meetings with Primakov during which the Russian foreign minister expressed his vision of the problem and possible measures to resolve it.

According to Turadzhonzoda, Primakov stressed that Russia "is interested in a settlement of the situation in Tajikistan and that this is one of the priorities of Russian foreign policy."

Primakov proposed that Tajik President Emomali Rakhmonov and Tajik opposition leader Abdullo Nuri meet, Turadzhonzoda said, adding that the opposition had accepted this proposal.

However, "necessary documents need to be prepared so that this meeting will not be in vain," Turadzhonzoda said, adding that previous inter-Tajik talks mostly brought no results.

Primakov agreed that the meeting between the Tajik president and the Tajik opposition leader should be well prepared, Turadzhonzoda said.

The Russian side showed interest in the opposition's proposals regarding political and military problems, Turadzhonzoda said.

"I have an impression that Russian officials do not know what we want and thought that we were aiming at building an Islamic state. After I clarified our aims, Primakov said that he was satisfied with the explanations and that he would help to settle the crisis," Turadzhonzoda said.

During the meeting, the Russian side called upon the Tajik sides to prevent bloodshed and urged Tajik opposition gunmen not to violate the border, Turadzhonzoda said.

"We answered that this was possible if Russia helped to bring an end to combat actions in (the Tajik region of) Tavildara. Primakov agreed that these problems were interconnected and that it was necessary to help end combat actions," Turadzhonzoda said.

Tajikistan: Opposition Ready for Moscow Summit

LD1007170096 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 10 Jul 96

[FBIS Translated Text] Russian Foreign Minister Yevgeniy Primakov had a meeting with Professor Haji Akbar Turajonzoda, the first deputy leader of the Islamic Movement of Tajikistan and the head of the United Tajik Opposition negotiating team, in Ashgabat on the second day [9 July] of the Tajik peace talks. Gerd Dietrich Merrem, the UN secretary-general's special envoy to Tajikistan, had meetings with the delegations of both sides the same day.

According to reports, Professor Haji Akbar Turajonzoda said after his talks with Russian Foreign Minister Yevgeniy Primakov [passage indistinct].

The Russian delegation asked the Tajik opposition to bring peace to the border. However, Turajonzoda pointed out that calm on the Tajik-Afghan border, where the Russian border guards are stationed, depends on how events in Tavildara develop. Turajonzoda added that if the Dushanbe regime stops transferring troops to Tavildara, the situation on the border will be normal. Primakov also stressed the importance of stopping combat actions in Tavildara.

Russian Foreign Minister Yevgeniy Primakov is reported to have said after his meeting with the Tajik opposition delegation that a top-level meeting would take place soon between the president of the Dushanbe regime, Emomali Rakhmanov, and the leader of the Islamic Movement and of the United Opposition Forces of Tajikistan, Professor Sayed Abdullo Nuri, in the Russian capital, Moscow. Primakov did not mention an exact date for the top-level meeting. It should be mentioned that if the Moscow meeting takes place it will be the third personal meeting between Professor Sayed Abdullo Nuri and Emomali Rakhmanov in the last year and a half.

In connection with this, it would not be inappropriate to mention that Emomali Rakhmanov declared three months ago that he was ready to meet Professor Nuri. However, he apparently forgot his words afterwards, as he stopped speaking about it, and now it has been announced by the Russian leadership. Given the previous meetings, Professor Sayed Abdullo Nuri said a few days ago on a Voice of Free Tajikistan program that it was considered that Emomali Rakhmanov aimed to use these meetings not to settle Tajikistan's problem, but to bolster his political reputation. If Rakhmanov really is sincere in what he says, then we are ready, Professor Nuri said, to hold talks with the leadership of Tajikistan in any place in order to save the nation.

Tajikistan: Inter-Tajik Talks Continue, Fighting Continues

LD1007200996 Moscow ITAR-TASS World Service in Russian 1343 GMT 10 Jul 96

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Translated Text] Dushanbe, 10 July (ITAR-TASS) — Although the UN and the participants in the Ashgabat round of talks on a settlement in Tajikistan have appealed for a cessation of military operations, fighting between government troops and the formations of the Islamic opposition is continuing in the Tavildara district of Tajikistan in the Pamir foothills.

The ITAR-TASS correspondent has learned from military sources in Dushanbe that the fighting is going on with varying success in the area around the settlements of Childara, Kalai-Khuseyn, and on the Karonak pass. Entrenched warfare is continuing in the center of Tavildara, too, which the heads of the Ministry of Defense of Tajikistan maintain was liberated from the armed fighters back on 4 July. One high-ranking military official testifies to the fact that government subunits were attacked by the opposition on the evening of 8 July and were forced to withdraw to the southern outskirts of the settlement in order to avoid casualties among the civilian population.

He admitted that the government subunits had suffered losses, but he said that the opposition leaders' claims that there were dozens of losses were "nonsense and absurd." He also refuted the accusations of opposition leaders that there had been a unilateral escalation of military actions. He said that the government forces' actions had merely been in response. The aim of them was to oust the armed fighters from the settlements captured by them to the positions envisaged in the Tehran accords of 1994, as well as to ensure the safety of the highways linking Dushanbe with the eastern regions of the republic and the Gorno-Badakhshan Autonomous Region of Tajikistan. The opposition's goal is to extend the bridgehead of military operations and dictate to the government of Tajikistan from positions of force at the fifth round of inter-Tajik talks in Ashgabat.

Armenia

Armenia: Newspaper Fires Employee for False Report

LD1107094996 Moscow INTERFAX in English 0918 GMT 11 Jul 96

[FBIS Transcribed Text] YEREVAN, July 11 (Interfax) — An erroneous report that Prime Minister Hrant Bagratyan and Defense Minister Vazgen Sarkisyan were wounded was released without permission by an employee of the Republic of Armenia newspaper, Artashes Khachatryan, the Armenian National Security Ministry's press service told Interfax on Thursday following an investigation by the ministry.

The culprit was fired.

Armenia: Ter-Petrosyan: 'Economic Disintegration Process' Halted

BR1007143196 Paris LE FIGARO (LE FIGARO-ECONOMIE Supplement) in French 10 Jul 96 p 11

[Article by Gerard Nicaud: "Armenia Cultivates Relations With Neighboring Countries — For Yerevan, Future Hinges on Regional Cooperation"]

[FBIS Translated Text] "Armenia is the only country of the former USSR that has managed to halt the economic disintegration process, as much as two years ago."

Armenian President Levon Akopovich Ter-Petrosyan undoubtedly knows how to spark a businessman's interest in this small country of 3.3 million inhabitants, landlocked within the Caucasus and also caught in a "nonwar, nonpeace" situation with neighboring Azerbaijan; for two years a cease-fire has been in force in Nagorno-Karabakh, a region of Azerbaijan that has seen some 20,000 war casualties in six years.

According to Mr. Ter-Petrosyan, the road to a market economy was probably paved with more difficulties for Armenia than for other former USSR republics: When the USSR was still in existence, 90 percent of [Armenia's] economic relations were with the Union, more specifically with Russia and Ukraine.

In addition, Armenia's economy was largely geared to the defense industry, as the country was the USSR's fourth biggest military equipment producer, after Russia, Ukraine, and Belarus.

With the collapse of the USSR Armenia suddenly found itself deprived of both outlets. As a result, priorities soon became clear: On the one hand, to convert both the industrial infrastructure and the "intellectual potential," and on the other hand to establish a new scheme for economic development based on regional integration.

Iran or Turkey?

Armenia thus sought to cultivate relations with its neighbors. To be sure, Russia remains its chief economic partner, but the second-biggest is now Turkmenistan, with Iran ranking third.

Still, the Armenian president says, excellent "political and economic relations" are "one of the major stabilization factors in our region."

"We are ready to enter into joint projects with Georgia, to which Azerbaijan might be associated," Mr. Ter-Petrosyan adds. Indeed, he considers that "the future of each and every country within Transcaucasia hinges on increased regional relations."

As for relations with Iran, which the Armenian president concedes may have the West worried, they are essential: "Whenever relations between Iran and Armenia happen to break down for a week, prices double in Armenia."

In any event, the Armenian president adds, "if the West does not like us trading with Iran, then let it exert pressure on Turkey so that it opens its borders: For us, the shortest route to Europe and the Arab world is through Turkey."

Nevertheless, Mr. Ter-Petrosyan says he is "optimistic about future relations between Turkey and Armenia:" According to the Armenian president, Ankara may soon agree — as requested by Yerevan — to separate relations with Armenia from relations with Azerbaijan.

This is made all the more likely by the fact that "in Nagorno-Karabakh, things have been stabilizing: The cease-fire is honored by both sides without international forces having to enforce it." Still, Ter-Petrosyan says, there "can be no peace unless the international community comes up with a plan that everbody can agree on."

Privatizations: The Final Stage

Internally, Mr. Ter-Petrosyan explains, "Armenia has launched comprehensive structural reforms."

It "stabilized its currency," the dram (1 franc is 80 drams), and limited inflation to about 1 percent a month over a period of 18 months or so.

Concurrently, "Armenia was the first former USSR country to completely privatize agriculture." Last but not least: "The privatization process continued, one economic sector at a time: housing, commerce, small and medium-sized businesses, and the agricultural processing industry."

Today, Armenia is striving to "privatize heavy industry and large firms."

The overt goal is to achieve this by the end of 1996 or early 1997, "with the help of the IMF and the World Bank." International firms can only feel encouraged by such support.

Armenia: Azeri Envoy: Pipeline Impossible Without Karabakh Resolution

NC1007173096 Yerevan SNARK in English
1300 GMT 10 Jul 96

[FBIS Transcribed Text] Yerevan, July 10. (SNARK) — Azeri Ambassador to Turkey [title as received] Abbas Abdul Hajaloglu stated that a trans-continental oil pipeline from Azerbaijan to Turkey cannot be constructed until the resolution of the Karabakh problem.

The Armenian Independent Press Center in Yerevan referring to the Platt's Oilgram News newspaper informed Snark that the Azeri Ambassador said: "Until Karabakh is occupied, we are unable to build the Baku-Cheyhan pipeline." However, the Azeri Ministry of Foreign Affairs declined to comment on the Ambassador's statement.

Meanwhile, official representatives of the World Bank [WB] in Baku reported that the WB would sponsor the construction of the pipeline if Turkey refuses to release the promised credit to Azerbaijan.

Armenia: NOYAN TAPAN Reports Submission of Presidential Candidacies

NC1007132096 Yerevan NOYAN TAPAN in English
1000 GMT 10 Jul 96

[FBIS Transcribed Text] Yerevan ("AZG" daily — NOYAN TAPAN), 07/09/96 — The deadline for proposing the presidential candidacies expired at 6pm on 8 July. Ten [as received] candidacies have been proposed by 3pm, seven [as received] by resolutions of political parties, three as a public initiative of citizens.

The following candidacies have been proposed by parties: Levon Ter-Petrosyan (Hanrapetutyun alliance), Vazgen Manukyan (National Democratic Union), Ashot Manucharyan (Scientific Industrial Civil Union), Sergey Badalyan (Communist Party of Armenia), Aram Sargisyan (Armenian Democratic Party), Lenser Agalovyan (Artsakh-Armenia union). Ms. Armenuhi Ghazaryan, Yuri Mkrtchyan, and Rafael Hambartumyan were proposed by public initiative, and by thousand signatures were required to be collected for each of them by 6pm. By 3pm. signatures were provided by the last two.

[In a related report Yerevan NOYAN TAPAN in English at 1015 GMT on 10 July adds the following: "At a July 9 session of the Central Electoral Commission unanimously decided to refuse to register Armenuhi Ghazaryan as a candidate for the forthcoming presidential elections. The reason is that instead of 1,000 signatures necessary for registration of a candidate, the initiative group presented only 962 ones."]

Georgia

Georgia: Preparation for 12 Jul UN Discussion on Abkhazia

LD1107095196 Moscow ITAR-TASS in English
0937 GMT 11 Jul 96

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, July 11 (Itar-Tass) — "The Georgian Foreign Ministry hopes that the United Nations Security Council, at its meeting on July 12, when considering the situation in Abkhazia, will take into account the wishes and proposals of the Georgian side and will realistically assess the situation that has developed in Abkhazia, the course of the negotiating process and ways to settle the conflict in that region of Georgia," Georgian Deputy Foreign Minister Giga Burduli told Itar-Tass on Thursday.

On July 12, the U.N. Security Council in New York will also consider the question of extending the mandate of the U.N. Military Observer Mission in the zone of the Abkhazian conflict, according to data from reliable sources.

In an interview with Georgia's national radio recently, President Eduard Shevardnadze expressed hope that the U.N. Security Council at its July 12 meeting would pass a principled resolution on the Abkhazia issue.

"If the U.N. Security Council passes a principled resolution on the Abkhazia issue, that would expedite the process of settling the conflict in Abkhazia," Shevardnadze said in an national radio interview on Monday, July 8.

Shevardnadze also said he would send a special letter to the U.N. Secretary-General and the U.N. Security Council President, defining the need for the adoption of a principled resolution on the Abkhazia issue at the U.N. Security Council meeting.

In recent days, Georgian representatives have undertaken a series of diplomatic actions in preparation for a discussion of the Abkhazia issue at the U.N. Security Council meeting. In particular, Georgian officials had a number of meetings with representatives the Council's Permanent Member-states in Tbilisi, New York, and the capitals of the Permanent Member-states.

Georgia: 'Roundtable' Demands Withdrawal of Russian Troops

AU1007155796 Tbilisi REZONANSI in Georgian 3 Jul 96 p 2

[Report by Zaza Tsevuli: "The 'Roundists' Are Fighting for Power in Ajaria"]

[FBIS Translated Text] On 2 July, a press conference was held by the [radical opposition] "Georgian Roundtable — Free Georgia association of political parties and organizations" in the Merab Kostava Museum [Tbilisi]. Tengiz Kikacheishvili and Giorgi Khutsishvili, the leaders of the "Roundtable — Free Georgia" association, read out two statements from this organization to journalists. The first statement demands "the withdrawal of Russia's forces of occupation from the territory of a single and undivided Georgia." It states, in particular, that "the so-called Abkhazian war and the so-called South Ossetian conflict were artificially provoked and represented deals in the form of a war that was played out," a war which "served the interests of the Russian empire's military structures" (when speaking of the so-called Abkhazian war, it is understandable why the "Roundtable" blames the authorities in power at the time for making a "deal" and for "the war that was played out," but it is incomprehensible why they have been blamed for the "so-called South Ossetian conflict" given that the latter was kindled in 1990-91 when Gamsakhurdia was in power).

The leaders of the "Roundtable" believe that "one cannot exclude that uncontrollable processes will result from the struggle between Yeltsin and Zyuganov and other politicians and their camps and these processes could even exacerbate the political destabilization that already exists in Georgia." In their view, a solution to the existing situation is to be found in the immediate withdrawal of Russian troops from Georgia.

A similar demand from the coordinating council [of opposition parties] organized by Irakli Tsereteli [leader of the National Independence Party] is acceptable in the view of Tengiz Kikacheishvili. However, the existence of this council itself as the coordinator and leader of the national movement and even as a consultative body is unacceptable to them.

The second statement, in the main, calls for the release of Badri Zarandia [former commandant of Zugdidi] who was sentenced to death on 17 June 1996. In the view of the "Roundists," the time has come for the de facto authorities to abolish the death penalty entirely, including the death sentence passed on Petre Gelbakhiani and Irakli Dokvadze [supporters of former President Gamsakhurdia]. In order to achieve this aim, they will again call on various international organizations for help and will use all approved means of peaceful struggle.

As regards the forthcoming elections of local bodies of administration, Vakhtang Tsagareishvili [not further identified] said that the "Roundtable" would only take part in them once the "lawful" sakrebulos [assemblies] and prefecture [local administrative bodies of power instituted under Gamsakhurdia] had been restored. The exception to this will only be the Supreme Council elections in Ajaria that were recognized as being legal according to the Constitution of 1991. The regional organization of the "Roundtable" will contest these elections as a separate electoral bloc along with the Republicans and the Union for the Restoration of All-Georgia.

Georgia: Abkhazia Demands Georgian Withdrawal From Kodori Gorge

LD1007131996 Sukhumi Republic of Abkhazia Radio in Russian 0345 GMT 10 Jul 96

[FBIS Translated Text] On 5 July, a Georgian police unit was deployed in the part of Kodori Gorge controlled by the Georgian side. In this connection, the Defense Ministry of the Republic of Abkhazia has issued the following statement:

The Georgian side has recently been busy whipping up tension in its relations with Abkhazia. The current mandate of the peacekeeping forces expires on 19 July. Georgia still insists that the peacekeeping forces be given policing functions and cherishes the hope that, shielded by Russian troops, it will restore control over Abkhazia.

The Defense Ministry of the Republic of Abkhazia strictly adheres to the agreement on a cease-fire and the disengagement of forces signed in Moscow on 14 May 1994. According to information at the Defense Ministry's disposal, the troops deployed in Kodori Gorge are military units disguised as policemen. It is a serious violation of the aforementioned agreement. This action is aimed at unleashing a new war in the event of a withdrawal of the peacekeeping forces from the conflict zone.

The Defense Ministry of Abkhazia makes a strong protest and demands an immediate withdrawal of all military units from Kodori Gorge. If the Georgian side refuses to comply by the provisions of the agreement of 14 May 1994, we reserve the right to take the appropriate measures.

Georgia: Commentary Views Current Processes in Abkhazia

AU1007130996 Tbilisi DRONI in Georgian 2-5 Jul 96 p 3

[Commentary by Lali Shalvashvili: "Ardzinba Says That Shevardnadze Is Also His President — Where Should Agents Be Sought?"]

[FBIS Translated Text] Two months ago, Parliament issued a decree on the settlement of the Abkhazian conflict, but, in practice, no real steps in this direction can be seen as yet. At a glance, this was expected, but the fact that the legislative body was the author of this decree, nevertheless, gave some hope.

However, this hope turned out to be in vain, as taking this issue out of the context of Russian-Georgian relations and solving this problem is impossible, particularly when Russia is as an interested state, one deciding the fate of the conflict. It is unfortunate that relations with Russia bear only a fragmentary character and no one has yet made it clear what can we offer them in exchange for Abkhazia? The view that we are expecting certain changes in the Russian leadership and we intend to regulate all this with the "new" president is absurd, as Russia had, has, and will always have geopolitical interests in Georgia. Russia's leadership may change but not its interests and the sooner talks begin about specific issues, the better it will be and the less likely it will be that the Ministry of Foreign Affairs will have to take action in respect of violations of the agreement that has been concluded.

Since, up to now, ships entering Abkhazian waters have not been checked in Poti, the foreign department has sent seven protest notes to Russia and five to Turkey since January and has had rather unpleasant talks with Ukraine as it has been impossible to get this state's ships out of [Abkhazian] waters. However, as it has been their wish to avoid advertising the fact that relations with neighboring states are becoming more complex, they have carefully kept these protests a secret up to now.

According to [Foreign Minister] Irakli Menagharishvili, his ministry has elaborated a state plan for settling the conflict that has already been handed over to the Security Council for examination. Attention is directed in the plan to military-political aspects and it is the one on which the Security Council settles that will be put into operation.

However, in the meantime, the situation is really not an enviable one. According to Border Troops Commander Valeri Chkheidze, those five individuals who were posted on the Russian side of the Psou River on the Russian-Georgian border have all been removed from there. True, they could not really do anything, but this symbol of the protection of the entire border by the Georgian Army no longer exists. The borders from the Russian side, as was to be expected, are, in principle, open. This is confirmed by Deputy Security Minister Avtandil Ioseliani, who visited Abkhazia at the beginning of the month and himself encountered several facts. According to information supplied by him, various freight, petrol, and so forth is coming into Abkhazia daily. Batoni [Georgian polite form of address] Avto, provided us with very interesting information concerning the disposition of political forces in Abkhazia. As has been mentioned before, the Communist Party is the most popular there. It has direct links with its Russian colleagues and promises them that it will actively help them to restore the Soviet Union. "Aydgylara's" [Abkhazian Popular Front] positions are gradually becoming weaker. So are those of the "Slavuri Sakhli" [Slavonic Home]. Since the persecution of Armenians is continuing, there is political opposition and quite a difference of opinion on the part of the Armenians. Some of the Armenians who have been driven out of Abkhazia have already established a firm foothold in Sochi and Adler. A council of elders headed by Pavle Ardzinda functions in Abkhazia. If he previously supported his namesake, he is now calling for his removal and making pro-Islamic demands. "However, no political or forceful opposition exists today and there are no attempts to remove Ardzinba," stated Avtandil Ioseliani. Ardzinba's policy is entirely based on the fear of a possible attack by the Georgians. Incidentally, during his stay in Abkhazia, Avtandil Ioseliani met with Vladislav Ardzinba, who apparently wanted to talk about the status of Abkhazia, but, we discovered, he could not drag Ioseliani into such a discussion. However, the latter said one significant thing: "Ardzinba says that the Abkhazians and he as well want to live in Georgian space and their common president is Eduard Shevardnadze." Batoni Avto did not specify in what context Ardzinba said such a thing. It is possible he meant a confederate way of organizing the state outside a common space. Otherwise, it becomes incomprehensible why there was armed resistance or why we are standing on different sides of the Enguri River, if we want to live together and have one president.

As regards Georgian prisoners, it seems that the Abkhazians have them in a difficult situation. They claim that this is not true. However, there are cases of some prisoners going over to their side. According to Ioseliani, there are 350 people serving their sentences in Abkhazian jails, of whom only 15 are Georgian partisans.

Nevertheless, the general situation in Abkhazia remains tense. According to official figures, as many as 450-500 people have died as a result of clan fighting. The Abkhazians in Ochamchire and Gudauta are vying for supremacy and, from this point of view, are oppressing the Abkhazians from Ochamchire and Tqvarcheli in Gagra. Today, there are 150,000-180,000 people living on the territory of Abkhazia. In view of possible provocations by the Abkhazian side and in order to rectify the local crime situation and ensure the security of the people living in the Kodori Gorge, the Ministry of Internal Affairs will dispatch a unit of 100 men to the gorge in the next few days. However, one surprising thing has come to light: As Interior Minister Kakha Targamadze has said, there are about 800 battle-ready persons living in the gorge. If that is the case, and there is no reason why we should doubt the minister's words, it is simply embarrassing to have 100 men protecting 800. Perhaps we should have concentrated our efforts on training the local population from the beginning. Such a view might well irritate Kakha Targamadze, for whenever a different opinion is put forward, he responds by saying that he is a professional and he himself knows best what decision to take.

Incidentally, a subject that we had thought was forgotten has recently surfaced and become quite topical: the question of the spread of agents among the general public. This has not only been mentioned by Zurab Erkvania [chairman of the Abkhazian Council of Ministers], but has also been previously heard from a fairly high platform on a number of occasions. However, the most unfortunate thing is that the spread of agents has apparently been noticed in the press. If the authorities have such information, it is possible to neutralize the agents in such a way as not to "besmirch" the entire press. It is difficult "to catch a cat when it is not in the room," but this campaign launched against the press can also possibly end with the "discovery" of the cat.

Estonia

Estonia: Hillary Clinton's Visit Could Be Response to Yeltsin Letter

WS1007140196 Tallinn BNS in English
1305 GMT 10 Jul 96

[FBIS Transcribed Text] Tallinn, Jul 10, BNS — The visit by U.S. First Lady Hillary Clinton to Estonia was a trip of major political importance and her remarks could be seen as Washington's response to the secret letter sent by Boris Yeltsin to Bill Clinton, the head of the Estonian parliament's foreign affairs committee said.

"The speech by Hillary Clinton was an important message to Russia, which can be viewed in a way as response to the Yeltsin letter, to which Bill Clinton probably couldn't have answered that way," committee chairman Eino Tamm told BNS on Wednesday.

Russian President Boris Yeltsin in a secret letter to his U.S. counterpart had accused Estonia of human rights violations and of putting territorial claims to Russia. Yeltsin also ruled out the expansion of NATO to include the Baltic states an unthinkable.

The first lady said in an address to the Baltic nations Tuesday that the United States will continue to support the efforts of the three nations as they are regaining their place in the family of Western nations.

She said the West needs to expand its democratic family by opening up the institutions that have served it for decades.

Tamm said he was sure the remarks, although by an unofficial representative, reflected the position of official Washington.

Hillary Clinton's influence on her husband, U.S. President Bill Clinton, is bigger in matters of foreign policy than one might think, the head of the Estonian parliament's foreign affairs committee said.

"It is extremely positive that Hillary Clinton picked namely Estonia from the three Baltic countries for the visit," Tamm said, adding that the first lady had also paid the biggest attention to Estonia in the address read on Tuesday.

Hillary Clinton, who was in Tallinn Monday and Tuesday, met with President Lennart Meri and other Estonian top leaders as well as visited a maternity hospital and had a meeting with women in prominent posts with non-governmental organizations in this Baltic country.

Estonia: Status of Baltic Russians Viewed; Hillary Clinton Cited

MM1007155396 Moscow IZVESTIYA in Russian
11 Jul 96 p 3

[Report by Boris Vinogradov under the "Repercussions" rubric: "'Black Friday' for Russians in Estonia Is Being Abolished"]

[FBIS Translated Text] Tuesday morning's issue of IZVESTIYA published on the front-paged an article entitled "Black Friday Awaits the Russians in Estonia." On the same day the Estonian Government met in emergency session on just the one question. Having deliberated for a short time, the cabinet members decided to urgently repeal the date they had previously set — 12 July — as the deadline when the validity of passports of the former USSR expires.

Speaking to journalists, Estonian Prime Minister Tiit Vahi reported that the "red passports" would be valid on the republic's territory not just until 12 July, as had been announced, but at least until the end of the year. During this time, the premier said, all noncitizens — that is, around 400,000 Russian-speaking inhabitants among the 1.5 million-strong Estonian population — will have time to obtain a residence permit. This "permit" will be drawn up in the form of a paper insert in the USSR passport, and the problem will thus supposedly resolve itself. "There is no longer any reason to panic," Tiit Vahi emphasized.

Strictly speaking, from what news agencies have reported, no panic has in fact been observed in Estonia. Hundreds of thousands of Russian-speaking citizens who have gotten used to humiliation and discrimination were awaiting quite patiently the "day of judgment" — the Friday that IZVESTIYA was writing about before the aforementioned ministerial session.

Most likely, when he used the word "panicking," the head of the government was talking about the demarches of Russian diplomacy, our newspapers, and certain OCSE [Organization for Cooperation and Security in Europe] countries, that just beforehand had spoken up in defense of the rights and freedoms of the ethnic minority in Estonia. These protests, which were couched in varying degrees of concern, contained fairly tough assessments of the Estonian authorities, who are conducting a policy of forcing all noncitizens out of the country.

The Russian Foreign Ministry is pleased that an "interim goal" has been achieved and that Tallinn has backed off, however, our diplomats are not concealing their displeasure at Estonia's unwillingness to discuss the problem of human rights as such in general and the position of Russian-speaking people in particular.

Last Tuesday, Russian Deputy Foreign Minister Sergey Krylov, who was in the Swedish town of Kalmar at a session of the Council of Baltic Sea States, tried to draw Siim Kallas, the head of the Estonian Foreign Ministry, into a frank discussion. The latter quietly slunk away and thus avoided an undesirable meeting.

As Grigoriy Karasin, director of the Russian Foreign Ministry Information and Press Department, emphasized, the Russian delegation in Kalmar drew the attention of the forum participants to the "continuing, and in a number of cases intensifying, problems of the Russian-speaking population of the Baltic countries." At the same time, it was specially noted that discrimination and the gross and mass violations of human rights, particularly in Estonia and Latvia, are undermining confidence, increasing tension, and hampering the development of cooperation in the region.

Not only that. Hillary Clinton, the wife of the U.S. President, who was also in Tallinn Tuesday, stated that "she was pleasantly surprised by the provision of human rights in Estonia." It has become known that before she left Washington she had been handed the text of a Russian Federation memorandum which spoke of the position of Russian-speaking citizens in Estonia. Evidently remembering this document, Hillary Clinton said didactically in one of her speeches in Tallinn: "Narrow nationalism is incompatible with national dignity."

Estonia: Russian-Speakers' Rights Under Threat Again

MM1007140196 Moscow IZVESTIYA in Russian 9 Jul 96 pp 1, 3

[Report by Igor Klyuyev: "'Black Friday' Coming for Russians in Estonia. On 12 July One-Third of the Republic's Population Will Be Left Without Residence Permits and Without Future Prospects"]

[FBIS Translated Text] Tallinn — Internal passports of the former USSR expire on 12 July in Estonia. This is one measure the authorities are using in an effort to "resolve" the problem of one-third of the country's population. This is the third year running that Russian speakers have had to collect their certificates and papers and stand in line for days to obtain new documents for themselves and their children.

According to Mrs. Larisa Yakovleva, head of the Public Center for Legal Information on Human Rights in Estonia, the situation ahead of 12 July is as follows: So far the authorities have granted only around 20,000 of the 300,000 plus applications made for residence permits. So the Estonian authorities' promises that they would decide by 12 July which noncitizens would be issued with residence permits and which would be refused them have not yet been fulfilled. If you discount the 100,000 Russian citizens among the 300,000 noncitizens, then there are around 200,000 applying for papers relating to a foreigner. According to our figures, only 1,500 people have received these passports. So the process will take at least another year.

The internal passports of the former USSR will function as identity papers for a while. But noncitizens will no longer be able to use these passports to travel to Russia and return home — to Estonia. To do that they will again have to spend their hard-earned money on a temporary travel document, which, incidentally, is not yet recognized by most states. These passports will not include residence permits, visas, and so on. In short, the situation in which these innocent victims find themselves is a critical one.

The Russian citizens are in the most complex situation in connection with the approaching date. Above all, it is a problem of providing nearly 107,000 Russian Federation citizens with foreign passports recognized by other states. But this in itself solves nothing — this passport will be valid in Estonia (you can use it to travel to other countries and return home) only if it includes a residence permit. And most important, if the authorities have any grounds at all for not issuing a Russian citizen with a residence permit, the Estonian Republic Department of Citizenship and Migration will have no qualms about not issuing it. In accordance with international norms and Estonian legislation, the person would in that case be notified that he must leave the republic by a certain date.

Moreover, the local authorities are entitled to intern noncitizens residing illegally on the territory of Estonia. For example, if a noncitizen without a residence permit checks out of an apartment (he gets divorced or is evicted for failing to pay the rent) and within a month has not had time or has been unable to register at another address, he acquires illegal status and he can be imprisoned. It is a same-day decision for an administrative court. There is no special camp for internees in Estonia at the moment, but a prison not far from the city is being used for those "newly deprived of their rights." There are around 50 internees at the moment. Some of them have been behind barbed wire for six months now. These people are deprived of legal defense because there is no such penalty as internment in the Estonian Republic administrative and criminal codes.

Larisa Yakovleva said that she knows of cases where direct pressure has been brought to bear on these people. They are told that if they "voluntarily" write a statement saying that they wish to have Russian citizenship, they will be released from prison — deported to Russia. There you have it.

Over the past three years the Estonian state has so accustomed noncitizens to standing in line and getting barely anything, that people now have an extremely poor grasp of legislation, they do not know their rights, and are not trying to find out about them. Instead of applying for a legal consultation, they dash off to stand in line waiting to acquire Russian citizenship, since that is the simplest solution. And this is precisely what Tallinn wants. For years now the Estonian authorities have been keeping hundreds of thousands of Russian-speakers in a state of intense hysteria. This is entirely deliberate, because when you have people in that state you can do what you like with them. When people are intimidated they are easily manipulated. And local politicians of all hues are toying with them in a big way.

In principle, nearly all the Russian-speaking population's problems stem from Estonian legislation. You can only feel sorry for local officials: After all, they are supposed to implement rules that are impossible to implement. The latter includes the law on foreigners and the law on citizenship, which are clearly intended to "reduce" the Russian electorate.

On 20 January 1998, Estonia is again supposed to report on the human rights situation at a session of the UN Human Rights Committee in Geneva. By then the UN committee members hope that the problem of noncitizenship will have been resolved in Estonia and legislation will have been brought into line with international standards. Moreover, UN assessments do not beat about the bush: There exists in Estonia a discriminatory law on citizenship and the country operates a discriminatory policy regarding ethnic minorities.

Europe is by no means complimentary either. At the recent international conference in Latvia, representatives of the OSCE [Organization of Security and Cooperation in Europe], Council of Europe, and other international human rights organizations unequivocally stated that Estonia and Latvia, which are seeking to join the European Union, must also observe international acts not signed by these countries. Unless these countries react to the Europeans' comments, there might ultimately be a question mark against their EU membership.

Furthermore, the current summer and fall period is very important for Estonia. Estonia is currently chairman of the Council of Europe. Obviously, during this period there will be no strong words about problems associated with the solution of the "Russian question" in Estonia. But the republic is currently on show. Is the Estonian leadership aware of the full complexity of its position? We will see.

Estonia: Kallas Says Estonia Pledges To Improve Relations With Russia

LD1007183396 Moscow INTERFAX in English 1742 GMT 10 Jul 96

[FBIS Transcribed Text] RIGA, July 10 (Interfax/BNS) — Estonia pledges to improve relations with Russia, Estonian Foreign Minister Siim Kallas told a news conference in Riga Wednesday.

"Relations with Russia are difficult and that is no secret, but Estonia firmly pledges to improve" them, he said.

He believes Tallinn must resolve the issue of noncitizens' status. Both sides have ratified a treaty on the pullout of Russian troops and hope to resolve issues relating to it.

Latvian Foreign Minister Valdis Birkavs, for his part, made an optimistic statement that talks between Latvia and Russia will be successful.

No agreement was reached at the first round of Latvian-Russian talks on a peace treaty signed between Latvia and Russia in 1920. The Latvian side insists that the treaty be recognized as valid. Under the treaty, the Abrene county, with a territory of 1,260 square kilometers, which was joined to the Russian Pskov region in 1944, is part of Latvia.

Estonia: Some Progress Made in Border Talks With Russia

LD1007170296 Tallinn Estonian Television Network in Russian 1545 GMT 10 Jul 96

[FBIS Translated Excerpt] Another round of Estonian-Russian border talks ended with more on the positive rather than the negative side. This was the conclusion of the delegation leaders at the talks, Raul Malk, a deputy chancellor of the Estonian Ministry of Foreign Affairs, and Vasiliy Svirin, the Russian Federation's ambassador with special authority. Nine points in the agreement on the state [illegible]der have been agreed upon; seven of the eight (?n[illegible]) border sections have been defined, as has been the border on dry land and on the river. There have also been positive shifts regarding the eighth section, on the lakes.

Substantial differences of opinion between the delegations are still concerned with the 1920 Tartu Peace Treaty.

[Correspondent] The delegations reached agreement aimed at ensuring normal shipping in certain parts of both Lake Peipus and Lammijarv and the exchange of sections based on compensation. The delegations resolved the issue of disputed land sections in the areas of Saapa and Saatse. Disagreement on the starting point for the border on the lakes was not overcome. [passage omitted]

The Russian delegation leader emphasized that during the meeting in Pskov last year it was recorded that the talks would be conducted without any territorial claims on either side, and this was confirmed by Raul Malk, however, Article One in the draft agreement submitted by the Estonian side says that as soon as the new agreement comes into force, Article Three of the Tartu Peace Treaty will be revoked. This means that up to that moment claims on the 2,000 square km will remain in force.

In Raul Malk's opinion, the parties continue to hold differing views on the Tartu Peace Treaty, however, this does not mean that should Russia recognize it, Estonia would attempt to repatriate Russian citizens. The deputy chancellor fully rejected this possibility and called it absurd.

Another round of talks will take place in St. Petersburg in mid-September.

Latvia

Latvia: Yeltsin Letter to U.S. Aimed at 'Coercing' Sovereign State

LD1007132896 Moscow INTERFAX in English 1255 GMT 10 Jul 96

[FBIS Transcribed Text] RIGA, July 10 (Interfax/BNS) — The Latvian Foreign Ministry has described a letter by Russian President Boris Yeltsin to U.S. President Bill Clinton as an unfriendly gesture aimed at coercing a sovereign state.

Yeltsin's letter dealt with the unacceptability of NATO expansion in the Baltic states and the problems of ethnic Russians there.

"The contents of this letter makes one draw the conclusion that Russia is reluctant to respect the Baltics' right to pursue independent foreign and security policies," the Latvian Foreign Ministry said in a statement forwarded to Interfax on Wednesday.

Russian Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow Wednesday that Yeltsin harshly opposed the planned NATO expansion toward the Baltic states in his letter.

"Hundreds of thousands of our compatriots in Estonia and Latvia are arbitrarily deprived of their citizenship, their position remains very complicated, and there is a wide gap between the political, social, economic and cultural rights of citizens and aliens," Yeltsin also wrote.

"A sovereign state is entitled to choose forms of cooperation with other states independently," the Latvian ministry said in its statement.

Latvia perceives NATO as an alliance of democratic countries, whose aim is to protect democratic values, it continued. Latvia has repeatedly conveyed this position to Russia, it noted.

At the same time, the ministry hoped that "this step by Russia will not seriously affect the development of good-neighborly relations in the future."

Latvia: Foreign Ministry Views Yeltsin Letter to U.S.

WS1007134896 Tallinn BNS in English 1305 GMT 10 Jul 96

[FBIS Transcribed Text] Riga, Jul 10, BNS — Russian President Boris Yeltsin wrote to his U.S. counterpart Bill Clinton in a bid to exert pressure on a sovereign country, according to the Latvian Foreign Ministry.

"The letter's content leads to conclusions about Russia's reluctance to respect the rights of the Baltic states to implement independent foreign and security policies," the ministry said in a statement.

"Separate Russian politicians still consider that someone has the right to decide the fate of other countries behind their back disregarding their lawful interests," it said.

As reported, the media disseminated information July 2 that Yeltsin has sent a letter to the U.S. president reproaching Estonia and Latvia for alleged mistreatment of Russian-speakers and voicing a firm opposition to the accession of the Baltics to NATO.

The ministry claims that sovereign states are free to choose themselves preferable forms of cooperation with other countries.

Latvia's foreign political goals — participation in the European Union and NATO — are declared in its foreign political concept and are no secret to other countries.

Moreover, Latvia perceives NATO as an association of democratic states aimed at protecting the values of democracy, according to the document.

Russia has been repeatedly informed about Latvia's stance, the ministry noted.

The ministry describes the letter as "an unfriendly gesture aimed at exterting pressure on a sovereign country" but it also says it believes that the Russian step will not hamper the further development of good neighborly relations.

Latvia: Joint Policy Planned With Estonia on NATO, EU Integration

LD1007145996 Riga Radio Riga Network in Latvian 1400 GMT 10 Jul 96

[FBIS Translated Text] At their meeting today, Latvian President [Guntis Ulmanis] and Estonian Foreign Minister [Siim Kallas] acknowledged that the two countries should draft a joint policy toward integration into the European Union and NATO, and shaping relations with Russia. Kallas said one of the priorities in Estonian foreign policy was cooperation between the Baltic states and its improvement. The head of the Estonian foreign policy department stressed that it was important for the Baltic states at the moment to obtain security guarantees for their sovereignty.

Latvia: Daily Publishes Details of Imminent Government Reshuffle

LD1107083396 Riga Radio Riga Network in Latvian 0700 GMT 11 Jul 96

[FBIS Translated Text] Prime Minister Andris Skele has made representatives of the governing factions familiar with his decision concerning expected changes in the government. The press will also be informed about them on Monday [15 July].

It has become known to the DIENA newspaper that it is planned to replace Minister of Culture Ojars Sparitis and Eriks Kaza, the minister of state for industry, property, and privatization, and to abolish the posts occupied by Juris Sinka [minister of state at the Ministry of Foreign Affairs] and Janis Gaigals [minister of state for education]. The post occupied by Ernests Jurkans [minister for special tasks responsible for local governments] will also be abolished, however, he will continue his work in the government in a different post.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.